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The Politics of Israel

THE FIRST DECADE OF STATEHOOD

THE
POLITICS OF
ISRAEL

THE FIRST DECADE OF STATEHOOD

BY MARVER H. BERNSTEIN

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TO ROSE AND HARRY

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M.H.B.

September 1957

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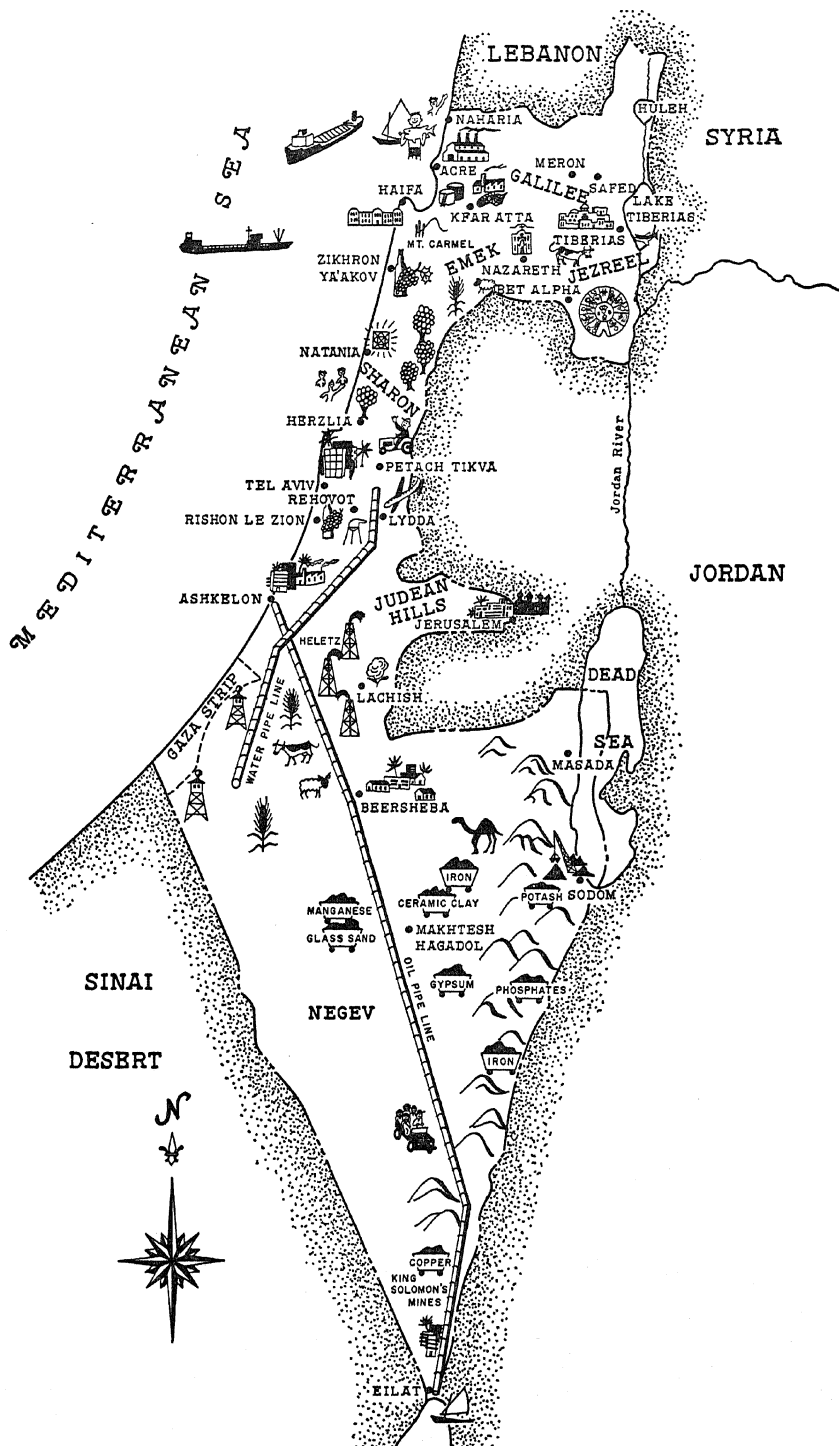
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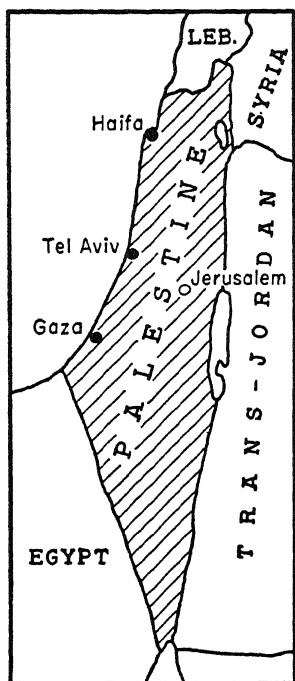
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MANDATE

From 1920 to 1948 Palestine was governed by Great Britain under a League of Nations mandate. Jews had been resettling in Palestine since the latter part of the 19th century. Under the Balfour Declaration of 1917, Great Britain pledged itself to establish a Jewish homeland in Palestine.

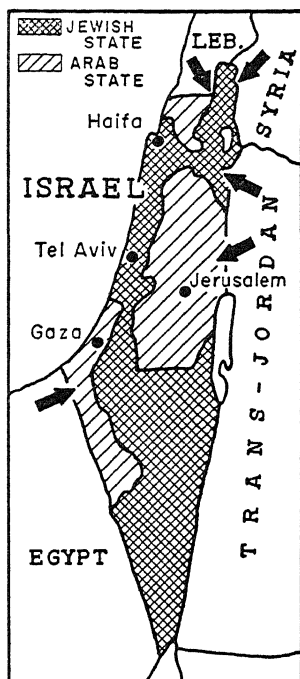


UN PARTITION

During 1947 Britain was beset by conflicting pressures from Arabs and Jews. It finally referred the Palestine question to the United Nations, which voted in November 1947 to partition the area into an Arab and a Jewish state.

ARAB-ISRAEL WAR

In May 1948 Britain terminated its Mandate, and the State of Israel was immediately proclaimed. The Arab nations surrounding Israel opened attack on it, and thousands of Palestinian Arabs fled to neighboring Arab countries as refugees.



ARMISTICE

In 1949 armistice agreements were signed. The boundaries of Israel were redrawn according to the military situation. The El Auja zone was demilitarized and Egypt was given control of the Gaza Strip. Trans-jordan took control of areas along the west bank of the Jordan River. Both Israel and Jordan gained from 2,000 to 2,500 square miles of territory over the land settlement in the UN Partition plan.



The Politics of Israel

THE FIRST DECADE OF STATEHOOD

Chapter 1 The Foundations of Statehood

There is a story that Theodor Herzl, the brilliant leader of political Zionism at the turn of the century, once asked the gardener of an Oxford college how to cultivate and care for beautiful lawns like those that graced the grounds of Oxford colleges. The gardener replied: "It's very simple, sir. You sow the grass, you water it, cut it, and roll it, and when you have done that for a hundred years, you get a lawn such as this." To Herzl, the development of a Jewish state in Palestine would be the result of a similar process of painstaking care and untiring devotion. Indeed, the first Prime Minister of Israel, David Ben Gurion, looking back on forty years of pioneering in the Jewish homeland, expressed the same idea shortly after the new State of Israel was founded:

Nor did the State suddenly emerge on May 14, 1948, by being proclaimed—no, its beginnings were set by three generations of pioneers, from the builders of Petah Tiqvah to the pipelayers in the northern Negev. May 14 marked but the historical climax of their work of creation, to which we owe our new-found national dignity, our economy, culture and administration. Our resistance to the Arab States, likewise, was no magic combustion or conjuring of strength out of thin air, no explosion from some uncanny, invisible source. Our youth and our Yishuv were trained for it by the acts and education, the organized planning, of the Haganah for years past, by the first Jewish watchmen and the heroes of Tel Hai. Therein lies the secret.¹

Apart from a group of extremely religious Jews who waited for a heavenly messiah to lead them back to the Holy Land, Zionists were under no illusion that the Jewish State would materialize out of thin air. They quarreled from time to time with characteristic ferocity over the relative merits of patient waiting versus militant aggressive action, over reliance upon British good will versus practical work of colonization and settlement in Palestine, as the sound approach to statehood. But whether they emphasized diplomatic negotiation or the upbuilding of the land by pioneering efforts,

¹ David Ben Gurion, *The Rebirth and Destiny of Israel* (New York: Philosophical Library, 1954), pp. 223-224.

they understood that the making of a state and the winning of national independence required planning and intrepid courage sustained for an unpredictable number of decades and generations.

It is not possible to comprehend the character of the government and politics of Israel in its first decade (1948-1957) without reference to the major influences shaping the formation and development of Israel's government. For the political structure of Israel is the product of developments that go back several decades. Its political institutions must be traced back to their sources in the ideologies and beliefs of Zionism and Judaism, in the heritage of the Mandatory Administration (1920-1948), and in the political evolution of Zionist self-government.

IDEOLOGIES AND BELIEFS

At least since the Middle Ages, the idea of a return to Zion was a cardinal principle of Jewish religion. Jewish survival was linked to God's promise to Abraham that the Holy Land would belong to his seed forever. In their dispersion and their suffering from anti-Semitic discrimination, Jews found solace in their faith in the eventual return to and the rebuilding of the Sanctuary in Jerusalem. Religious festivals commemorated glorious moments and recorded bitter defeats and disasters in the Biblical history of the Jews. Rabbis and sages made pilgrimages to Palestine to devote their remaining days to devout study and to be buried in the land of their fathers. During the Middle Ages the belief in their return to the Holy Land impelled many Jews to heed the calls of false messiahs claiming the privilege of leading the return to the Holy Land. Moreover, there were always some Jewish inhabitants in Palestine throughout the eighteen centuries from A.D. 70 to the modern movement of resettlement in the late nineteenth century.

Until the nineteenth century, almost all Jews shared the yearning for the return to Zion that would ensure the survival of Judaism in an alien world. But as the ghetto barriers were gradually broken in western Europe, Moses Mendelssohn and his disciples early in the century developed the doctrine of "enlightenment" in which the salvation of the Jews lay in their gradual assimilation to the culture and society of their native lands. While the promise of

political emancipation appealed strongly to Jewish intellectuals everywhere, the corollary of the doctrine of "enlightenment" that the dispersion of the Jews was a blessing and an opportunity to spread universal Monotheism throughout the Christian world was widely rejected. Observant Jews resented the call to proselytize their neighbors and maintained their belief that the unity of God and the principles of social justice could be proclaimed best from Jerusalem. The challenge of "enlightenment" seemed to confirm the older view that Judaism would survive as a religion and as a way of life only by restoring Jews to their ancient land.

After the middle of the nineteenth century, the first practical steps toward return were taken. Societies to promote the resettlement of Jews in Palestine arose in Eastern Europe and later in Romania, England, the United States, and elsewhere. In Russia many Jewish thinkers looked increasingly to a Jewish land as the remedy for their sufferings under Czarist tyranny. In the writings of Moses Hess, Leon Pinsker, and Theodor Herzl, the establishment of a Jewish State in Palestine became the historic mission of the Jewish people. The idea of a Jewish state was motivated strongly by a vision of social justice which was compounded partly of the desire to escape the anti-Semitism of a Gentile world and partly of a more positive demand for an outlet for the creative energy and vitality of Jews. The political Zionists who followed Herzl to the first Zionist Congress in Basel in 1897 were driven not by religious and philanthropic motives but by a dream of social justice in a land where Jews would have not only freedom from oppression but also full opportunity for expression and achievement. Political Zionism appealed especially to Russian Jews; to them Zionism was a blend of nationalism and socialism whose goal was the creation of a community of working people dedicated to a life of freedom and dignity.

In addition to the belief in Jewish survival and commitment to the goal of social justice, political Zionism was deeply rooted in the values of western democracy. Zionists wanted to be saved from pogroms and annihilation, but they also wanted a society and a government fully committed to the belief in the fundamental dignity of man. Beyond the elimination of oppression lay the goal of a free society based on the democratic values of the free world. Extremists of the right and the left espousing authoritarian and

totalitarian goals attempted from time to time to redirect the course of political Zionism. Nevertheless, the Zionist movement remained faithful to basic democratic values despite inevitable controversy about the ingredients of social justice and the practical road toward its achievement. Zionism contributed to the goal of a Jewish homeland a common purpose and a sense of dedication. Its strong moral idealism conferred upon it a capacity for disciplined effort under extremely trying conditions. It was high-spirited and hopeful, not dejected or passive. Its passionate and insistent drive toward Jewish renaissance, mirrored in the following statement by Ben Gurion, can be duplicated in scores of speeches and discussions in Zionist annals:

To be a nation answerable for its own destiny is a precious ideal, and the Jewish people has bided for that ideal with messianic longing through jubilee upon jubilee. But one must pay very dearly for it, with endless effort and grim sacrifices. A State is not manufactured by declaration; it is set up anew day after day, by toil incessant and the labor of years. A people unfit and unready to sustain the duty of sufficing unto itself will not preserve freedom even after it is won. This is so for every State, and for ours preeminently so. From the start, Israel's conditions of survival, its internal and external aims, its place in the world, its security and its relations with its neighbors, were coiled in difficulties no other country knows. . . .

From Bar Kochba to the new Jewish State, 1813 years went by. For most of that dreary wait the Jews were cut off from their Homeland and sprinkled in foreign parts among foreign peoples. In the infinite history of mankind, there is nothing to equal it—a people sundered from its native heath for near two thousand years, which should yet return to it and on it stand sovereign once more. Had not that people in all its wanderings, despite the bodily wrench, hugged tightly this vision of revival, and inward kept a living link with the land of its birth, the unique thing which came to pass in our days would never have been. Nor, indeed, did it come to pass as long as the vision was fed on passive yearning and little besides. The will actively to

make the vision real only leaped at the dawn of pioneer Aliyah, seventy-five years ago, which laid the foundation for agricultural settlement. That Aliyah marked a revolutionary swing in the people's spirit, from idle longing and a mystic expectancy of redemption in the dim future to the practical action and persevering effort that would hew a natural path to the present salvation.²

THE POLITICS OF ZIONISM, 1897-1920

Theodor Herzl, the founder of modern Zionism, was born in Budapest in 1860. At an early age he became an advocate of Jewish assimilation. After achieving some success as a writer, he joined the staff of the illustrious *Neue Freie Presse* of Vienna in 1891 and became its Paris correspondent. A series of incidents in 1892 deepened Herzl's strong antipathy toward anti-Semitism, and by 1892-93, his preoccupation with the Jewish question had become more and more intense. His reaction to the Dreyfus case in the winter of 1894-95 was the rejection of large-scale assimilation as a solution of the Jewish question and the acceptance of the belief that Jews could overcome anti-Semitism only by becoming sovereign over a given territory, by creating a Jewish state.

Meeting under his leadership in Basel in 1897, the first Zionist Congress marked the creation of a world Zionist Organization that developed a remarkable capacity for surviving periods of prolonged struggle toward the goal of the national home in Palestine. The Zionist Organization, from its very beginning, was led by powerful personalities with qualities of dynamic leadership. The very richness in leadership led to periodic clashes of personality from which the movement has never been freed. Above the personal elements in these controversies, certain classic and continuing problems of Zionism can be discerned. Sometimes they illustrate the conflict of the moderate versus the extremist, or the struggle between those favoring negotiation and patient waiting and those advocating vigorous physical resistance. Often these disputes ranged the fiery,

² David Ben Gurion, "Israel Among the Nations," in State of Israel, *Government Year-Book 5713 (1952)* (Jerusalem: Government Printing Press, October 1952), pp. 1 and 4; reprinted in Ben Gurion, *op. cit.*, pp. 443 and 448.

militant leaders against the more sober, analytical leaders. On other occasions, they dramatized the rough road that was travelled by those who hoped to inject some economic realism into the thinking of skilled diplomatists and popular leaders.

One of the first clashes developed early in 1901 between Herzl and Ahad Ha'am (Asher Ginsberg), Jewish social philosopher and founder of cultural Zionism. Herzl wanted to defer colonizing work in Palestine until the requisite political guarantees of Jewish settlement had been obtained. Ahad Ha'am, who regarded political self-government in Palestine as unnecessary, wanted to give far more attention to Jewish culture and to proceed with Jewish settlement quickly. His Zionism failed to attract many adherents because it offered no solution of the economic and political problems of Jews. A second struggle erupted in 1903-05 over the issue of accepting the British plan for a Jewish settlement in Uganda in East Africa instead of Palestine. The seventh Zionist Congress rejected the Uganda offer in 1905, and the British Territorialists under Israel Zangwill withdrew from the Congress.

From the death of Herzl in 1904 until 1911, the dominant dispute arrayed the followers of Herzl, who advocated deferment of settlement in Palestine until political guarantees were secured, against the so-called "practicals," led by Nahum Sokolow, Chaim Weizmann, and Menahem Ussishkin, who urged immediate colonization. Weizmann, who was born in Motel, Russia, in 1874 and raised in an atmosphere of poverty, piety, and learning, studied chemistry in German universities and joined Zionist groups as a student. In 1904 he accepted a position at the University of Manchester and became an ardent admirer of the British. In 1911, the "practicals" won control; however, the outbreak of World War I effectively foreclosed immediate settlement plans, and Chaim Weizmann became the principal exponent of a "synthetic" Zionism that linked diplomatic negotiation with colonization.

Another major dispute and personality clash developed between Weizmann and Louis D. Brandeis, Justice of the U. S. Supreme Court and the leader of the American delegates at the London Zionist Conference of 1920. The specific issue dealt with the use of the money to be raised by the new Foundation Fund (Keren Hayesod). Brandeis urged that the funds be used only for com-

munal or public services, such as education, health, and immigration, and that the financing of industrial and commercial enterprise should be left to private investors. Brandeis objected to the commingling of funds for communal services and economic development. He argued that economic enterprise, if dependent on donations and gifts, would be inefficiently directed and slighted in favor of communal services. The Conference supported its familiar leadership of Weizmann, Sokolow, and Ussishkin.

The controversy between Brandeis and Weizmann reflected basic differences in personality and Zionist outlook. Weizmann symbolized the great Zionist diplomatic negotiators, orators, and fund-raisers who had kept the movement alive and secured the Balfour Declaration. Brandeis, on the other hand, represented the more recent converts to Zionism who, like Herzl, had never been steeped in Judaism or Jewish life, but who understood the economic requirements of large-scale Jewish colonization in Palestine. He stressed administrative efficiency and expertness, and objected to the diffusion of authority in the Zionist movement, excessive partisan politics, inadequate central administrative housekeeping, and the lack of financial accounting and control. Brandeis believed that the era of Zionist political work had now closed and that the major tasks ahead were practical problems of economic development that could be handled most efficiently through private investment in individual projects. He appreciated more than Weizmann did many of the fundamental problems of Jewish economic development in Palestine, but he grossly underestimated the need for the continuing Zionist preoccupation with fund raising and diplomatic negotiation.⁸ In retrospect, both were right.

In the subsequent development of Palestine under the Mandatory Government of Great Britain from 1920 to 1948 and the emergence of the State of Israel, clashes of personality continued to reflect partisan differences of program and outlook. And even leaders in

⁸ A pro-Brandeis view of this controversy is found in A. T. Mason, *Brandeis: A Free Man's Life* (New York: The Viking Press, 1946); a pro-Weizmann account is given by Maurice Samuel, *Level Sunlight* (New York: Alfred A. Knopf, 1953). Objective accounts are available in Israel Cohen, *The Zionist Movement* (London: Frederick Muller Ltd., 1945); Frank E. Manuel, *The Realities of American-Palestine Relations* (Washington: Public Affairs Press, 1949); and Judd L. Teller, "America's Two Zionist Traditions," *Commentary*, October 1955, pp. 343-352.

FOUNDATIONS OF STATEHOOD

the same political party have broken relations because of sharp differences of policy. For example, in 1956 David Ben Gurion, Prime Minister of Israel, broke with his foreign minister, Moshe Sharett, with whom he had been closely associated in a governmental capacity for more than twenty years and as a fellow Zionist for forty-three years.

The European founders of the Zionist movement were fully committed to a parliamentary form of organization. As an amalgam of Jews from a score or more of countries, the movement developed in a number of political directions represented by a great many political parties. The first Zionist Congress included orthodox and reform Jews, early Palestinian settlers and new converts to Zionism, socialists and businessmen. The proceedings had to be translated from German into Russian, Yiddish, English, and French. At the outset, the leaders of the Zionist Organization belonged to the party of General Zionism, which continued to supply the major Zionist leaders for many years. Other political parties began to emerge as early as 1901. Orthodox Jews formed the rightist Mizrachi Party in 1902, and between 1903 and 1906 the socialist Zionists established the Poale Zion (Workers of Zion) Party, and counterparts of the left-wing groups were established in colonies in Palestine. When the first major attempt was made to organize the Palestine Jewish community after World War I, the various Zionist parties of the left, center, and right were already well-established.

The multiple party system which developed in the early years of the Zionist movement set the pattern for political development in later years. The strong minority consciousness of the Jews plus the appearance of many parties with carefully formulated, rigid programs led to the adoption of the system of proportional representation in elections to the Zionist Congress and its governing bodies. Furthermore most Zionists came from countries with proportional systems. Candidates were chosen by parties, and individuals voted for party lists rather than candidates. The party system engendered intense partisanship that made unified action precarious. Competition for leadership and control was stiff. Because of the large number of parties, it was almost impossible for a single party to win majority control. To form a governing coalition, party representatives bargained for position and program. Hence the gov-

INFLUENCE OF MANDATORY GOVERNMENT

erning bodies of the Zionist Organization were usually loose coalitions of two or more parties, unable to develop a unified policy and program. Given such conditions, administrative housekeeping in headquarters offices tended to be inefficient and centralized authority weak.

In spite of personality clashes and organizational weakness, the record of Zionist achievement up to 1920 was very impressive. In 1898 the Jewish Colonial Trust was founded under the leadership of David Wolffsohn and Jacobus Kann to finance settlement work in Palestine. The Jewish National Fund (Keren Kayemet) was founded in 1901 for the purchase of land for colonies and afforestation work in Palestine. In 1908, the Palestine office of the Zionist Organization was opened under the direction of Dr. Arthur Ruppin, a German sociologist who assumed leadership in purchasing land in the Emek Jezreel and the Jordan Valley for new colonies and villages. Together with Ussishkin, Ruppin was instrumental in acquiring land on Mount Scopus above Jerusalem where the Hebrew University was inaugurated in 1925. Following the Balfour Declaration of November 2, 1917, which expressed the sympathy of the British government for the establishment of a Jewish national home in Palestine and was later endorsed by the principal Allied Powers, a Zionist Commission was sent to Palestine to advise the British authorities on Mandatory arrangements. By 1920, therefore, some progress had been made in purchase of, and settlement on, the land; the principle of a national home in Palestine had been affirmed; and the Zionist Organization was officially representing Jewish interests in the country. The Zionists had helped to build in Palestine a modern, self-conscious Jewish society based firmly on democratic values. They had also evolved a constitutional framework that has influenced profoundly the political institutions of the new State of Israel.

THE INFLUENCE OF THE MANDATORY GOVERNMENT

As a part of the Ottoman Empire distant from the center of government, Palestine had been allowed to fall into ruin. The Turkish government had expended the resources of Palestine reck-

lessly. During World War I, it expropriated the wealth of the country, conscripted its manpower, and destroyed its agricultural economy. As the British armies advanced into Palestine in the last year of the war, the retreating Turks fled, taking with them all government records and local officials.

The Turks had comprised only a handful of government officials, for the Ottoman Empire was content to leave the Palestinians mostly to their own devices. During the period of Ottoman rule the Jewish population consisted of two groups. One included rigidly orthodox immigrants from East Europe and Oriental Jews long resident in Israel or neighboring countries. The other group, a smaller number, included those pioneer settlers who had come to Palestine to found colonies and to work rather than pray. In 1914, the population was estimated at 689,000, of whom 89 per cent were Arabs.

Under the lax administration of the Turks, Palestine was economically undeveloped. Taxation was haphazard; only the Turkish demand for army recruits proved onerous. The non-Moslem communities were largely self-governing, once the annual tax had been paid to the central government, but they were denied representation in the Turkish Parliament in Constantinople. Since the Turks had maintained a loose record of land tenure, land ownership depended mainly on tradition. What records were kept by the Turks had disappeared. The poverty of the people had been magnified by the war, and public security had been allowed to disintegrate. The Turkish judicial system had also collapsed, except for the courts maintained by the various religious communities with jurisdiction over matters of religion and personal status.

The communications system was primitive. There was no central postal system; there were no telephones; and only the road from Jaffa to Jerusalem was suitable for normal traffic. The principal railway line merely connected Jaffa and Jerusalem. Public health facilities were deplorable. Despite an extremely high birth rate common in Moslem countries, the population of Palestine had remained stationary. Malaria and the wholesale lack of sanitation produced a high death rate. Trachoma, which infested the Arab population, was a major problem; it was estimated that in 1918 at least half of the total Arab population of Palestine suffered from

INFLUENCE OF MANDATORY GOVERNMENT

this disease. A handful of public hospitals of questionable merit were supplemented by some voluntary hospitals financed and directed by missionary societies. Both water supply and drainage systems were pitifully inadequate. While the Jewish population maintained its own schools on a Hebrew basis, the Arabs had neither the funds nor the desire to support an educational system. The Arab fellahin, the agricultural peasant class, comprised an overwhelming majority of the population. Their methods of cultivation were primitive, and their level of living, by western standards, extremely low.

The military conquests and occupation of Palestine by the British (1917-1920) had done little to improve conditions of life. The personnel of the military administration had been hurriedly assembled from the British Army and the British civil service in Egypt. The military governors had no clear instructions from the War Office or the Foreign Office in London. The major duty of the occupation forces was to maintain the status quo until a civil administration arrived.

When the British Mandatory Administration was installed on July 1, 1920, it found a country without a government, lacking elementary public security, ridden by poverty and disease, and handicapped by a crippled economy, primitive communications, and undeveloped social services. Consequently, the Mandatory conceived its task primarily in terms of restoring order, maintaining public security, administering justice, and improving communications. Given the wide gap between the Jewish and Arab levels of development, Mandatory activities were focussed primarily on Arab requirements, and administrative practices were keyed to Arab standards.

The preamble of the Mandate recognized "the historical connection of the Jewish people" with Palestine and acknowledged "the grounds for reconstituting their national home in that country." Under Article 2 of the Mandate, Great Britain was made responsible "for placing the country under such political, administrative, and economic conditions as will secure the establishment of the Jewish national home . . . and the development of self-governing institutions." Under Article 6, the Mandatory Government was bound to "facilitate Jewish immigration under suitable conditions" and to "encourage . . . close settlement by Jews on the land," but

the promotion of Jewish immigration and land settlement was not to prejudice "the rights and position of other sections of the population." The preamble repeated the stipulation of the Balfour Declaration that "nothing should be done which might prejudice the civil and religious rights of existing non-Jewish communities in Palestine." Despite these qualifications, the Mandate's primary purpose was clearly the establishment of the Jewish national home.

From the beginning, there was bitter controversy among the British, Arabs, and Jews over the proper interpretation of the Mandate. The Zionists believed that the overriding objective of the Mandate was the establishment of the Jewish national home in Palestine and that other objectives should be subordinated to that goal. The British reaffirmed the obligation undertaken under the Balfour Declaration and the Mandate for Palestine to facilitate the establishment of a Jewish national home. However, unlike the Jews, the British also strove to develop self-governing institutions in which all inhabitants could share equally, and to encourage local autonomy, as directed by the Mandate for Palestine. In the latter years of the Mandate, as the incompatibility of these goals became clear, the British treated the Jewish homeland as a secondary objective at best.

The Arabs, on the other hand, maintained that the establishment of a Jewish State in Palestine, or a national home based on territorial sovereignty, could not be accomplished without forcibly displacing them. The solution was to constitute Palestine an independent Arab State "in which as many Jews as the country can hold without prejudice to its political and economic freedom would live in peace, security, and dignity, and enjoy full rights of citizenship." This proposal, it was urged, "would protect the natural rights of the Arabs in Palestine and satisfy their legitimate national aspirations. (It would enable the Jews to have a national home in the spiritual and cultural sense, in which Jewish values could flourish and the Jewish genius have the freest play to seek inspiration in the land of its ancient connexion)"⁴

These sharp differences in interpretation of the Mandate placed an insuperable burden upon the staff of the Mandatory Govern-

⁴ George Antonius, *The Arab Awakening* (London: Hamish Hamilton, 1938) p. 410.

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ment. At the outset, the Mandatory was staffed by pensioners from Allenby's army, and department heads frequently were retired soldiers. As a colonial service office, the Mandatory was ranked rather low in British public service. Few officials had suitable administrative experience, and most were poor in language skills. Many appeared to sympathize with the cause of the Arab landlord and to have considerable respect for Arab feelings and aspirations. On the whole they encouraged the growth of an Arab nationalist movement that, nevertheless, became strongly anti-British in the 1930's. In addition, they were unwilling to tackle the problem of Jewish economic development and tried hard to limit and discourage Jewish immigration.

The senior positions in the administration were filled exclusively by British personnel. Only the lower ranks were open to Palestinians: Arab, Christian, and Jewish. In July 1929, for example, the local staff included 1,176 Christians, 1,111 Moslems, and 714 Jews.⁵ In addition, some of the deputy heads of departments and judges were Palestinian—Arab and Jewish. Although the majority of the population was Moslem, few of them were equipped by training, education, or experience to serve even in routine administrative posts. Throughout British rule, the junior civil service was about half Christian, a quarter Moslem, and a quarter Jewish. But the proportion varied in the different departments. Hyamson, who served in the Mandatory Administration as a British senior official reports:

In Public Works—Headquarter and supervising staff—and the Telephone service there was a Jewish majority. About half of the staff of the Immigration Department was Jewish. On the other hand in the Railways and Post Office services there were very few Jews. The disinclination of Jews to work on the Sabbath rendered the employment of Jewish railway personnel almost impossible. Similar difficulties arose in the Telephone service, but there they could be overcome. In the Government schools there were practically no Jewish pupils and in consequence no Jewish teachers.

⁵ Great Britain, Colonial Office, no. 48, Palestine Commission on the Disturbances of August, 1929: Evidence, Colonial no. 48, vol. II, p. 1063. Quoted in Paul L. Hanna, *British Policy in Palestine* (Washington: American Council on Public Affairs, 1942), ft. 1, p. 185.

The number of Jews in the Police varied violently from time to time. This was due not so much to lack of Jewish recruits. The training obtained in the Police Force was in certain circumstances very welcome. But resignations after about a year of service were numerous. The Police pay was low. At first the Zionist Organization proposed to supplement the pay of Jewish policemen, but this offer was not encouraged. Apart from a group of police officers, many of whom gave their lives in loyalty to their Government, Jews as a body were averse from making service in the Police their life's work.⁶

If the pay scale in the junior civil service had been higher (it was about one-half of the salary paid to low-ranking British workers), more Jewish workers might have favored Government employment. While Jews applied eagerly for posts in certain strategic departments, such as immigration, telephone, and public works, and were anxious to obtain police training, their administrative experience came primarily from their own self-governing institutions.

(The Mandatory earned only grudging recognition among Jews for its accomplishments; from the Zionist point of view, the achievements of the Mandatory were far too limited and frequently obstructive of their objectives.) However, from the colonial point of view, its performance was impressive. For the colonial administrators, the most urgent task of the Mandatory was the maintenance of public security, including a large police force and the administration of prisons. These activities accounted for about one-third of the total budget and were the Mandatory's most extensive activity. The second important task was the establishment of an honest and efficient judiciary and magistracy. Other major functions included the completion of a land title survey, the improvement of communications, and the overhauling of the legal system, partly by replacing Turkish law with more appropriate British law. The British completed the construction of the airport at Lydda and the port at Haifa and nationalized and modernized the railway system. And finally, the tax system was improved although it remained regressive.

⁶ Albert M. Hyamson, *Palestine Under the Mandate, 1920-1948* (London: Methuen and Co., Ltd., 1950), p. 97.

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With respect to the development of social services, for example, the British emphasized the immediate need to raise Arab standards of health, sanitation, and education, since Jewish standards were already far above those of the Arab population. The Jews relied primarily on their own resources for providing education and medical facilities, supplemented by relatively small grants from the Mandatory. In 1930 the total staff of the Government Health Department included 11 British medical officers, 16 local medical officers in the hospital and medical service, 24 medical officers in sanitary and epidemiology service, 5 matrons, 5 staff nurses, and an undetermined number of sanitary inspectors. The Government's health budget was LP 108,551, including LP 76,143 for salaries, of which 1/6 was paid to the 11 senior British officers. The budget amounted to less than fifty cents per capita per year for hospital and health services. On the other hand, the budget for 1930 of the Hadassah Medical Organization, a Zionist institution, was almost identical to that of the Government: LP 109,961. This amount included about LP 70,000 for maintaining hospitals, which were open to all residents of the country, and LP 40,000 for preventive and rural medical services. The Hadassah staff in Palestine consisted of 44 doctors, 127 nurses, 41 public health nurses, and over 200 lay and technical staff.⁷

The Mandatory neglected almost completely the economic side of Palestinian development. It failed to organize programs of reclamation and reconstruction; sponsored no credit facilities for agricultural expansion; and spent almost nothing on irrigation. It also neglected to develop the Palestine export trade, except for citrus, and failed to build up capital assets. Its policy emphasized the satisfaction of day-to-day consumption demands rather than the planning of a rational economy. Industrial investments were often dissipated in enterprises that were unsuitable in terms of available manpower, raw materials, and international terms of trade.

(Zionist economic objectives were radically different from those of the Mandatory.) They stressed Jewish economic development, while the Mandatory conceived a national Palestinian economy

⁷ The data on staff and expenditures for health and medical services are found in J. J. Kligler, "Public Health in Palestine," *Annals of the American Academy of Political and Social Science*, vol. 164 (November 1932), pp. 167-177.

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which could not be developed until certain minimum conditions of health, sanitation, law, and order existed in the country. It translated these goals into administrative practice on terms dictated by the condition of the vast Arab majority rather than Jewish requirements.

(Certain characteristics of Mandatory administration made it difficult for the Zionists to learn from British practice. The British followed the colonial tradition of indirect rule, in which administrators preferred doing business by correspondence rather than face-to-face. As one skilled analyst of British policy remarked: "Perhaps the worst feature of the colonial system is its acquired distaste for individual contacts and its naive belief in the efficacy of paper transactions."⁸ Especially in the higher levels of the Administration, Mandatory executives were screened off from all but a privileged few of the country's population. The preoccupation of Mandatory officials with public security and the administration of justice imparted a static and cut-and-dried quality to a country of "sophisticated diversity."⁹ The marked social and cultural pluralism of Palestine was not congenial to the rigid routine of traditional colonial governing methods. The incompatibility of Arab and Zionist aspirations produced a lack of firmness in Mandatory policy which encouraged the Arabs to believe that continuing and mounting opposition would bring further concessions in their favor.

The emphasis of the administration upon neat accounting, rigid civil service rules, inflexible line-item budgets, and the discouragement of initiative and imagination in favor of rigid routine stood in acute contrast to the Zionist tradition of relying on imagination, fervent spirit, and continuous fund-raising. The Mandatory methods of clear-cut financial accountability, competent record-keeping, and tight executive control at the top were alien to Zionist practice. After the achievement of statehood, the Israelis tended to follow Mandatory practice with respect to highly detailed budgets and rigid civil service procedures but not with respect to executive integration and orderly record-keeping. Somewhat perversely, the

⁸ George Antonius, "The Machinery of Government in Palestine," *Annals, op. cit.*, p. 59.

⁹ The expression is from Antonius, *Ibid.*, p. 58.

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Israel Government appeared to continue some of the worst features of Mandatory practice and to reject the more useful ones.

Historically, British colonial policy had been committed to the nurturing of institutions of self-government and local autonomy. At least in intent, the Mandatory administration followed the traditional policy in Palestine. It was headed by a High Commissioner who exercised wide executive and legislative powers. He presided over an Executive Council which included his three chief subordinates. The first High Commissioner, Sir Herbert Samuel, was extremely anxious to encourage the development of self-government. His proposal for a partially elected legislative council composed of senior Mandatory officials and several elected representatives of the Palestinian communities was formalized in the Palestine Order-in-Council of August 10, 1922, as a constitution for the Mandatory. Elections were arranged for early 1923, but when the Arabs refused to participate and boycotted the elections, Sir Herbert was forced to abandon the scheme.

In 1932, the proposal was revived by High Commissioner Sir Arthur Wauchope, but it was doomed from the start. It was linked to a plan for local self-government that was opposed by both Arabs and Jews on the ground that excessive authority was retained by the central government.¹⁰ Under Wauchope's formal plan—presented in December 1935—for a partially elected legislature, the High Commissioner retained an absolute veto, authority to enact necessary legislation despite its rejection by the legislature, and complete control of immigration. The Arabs, who wanted a legislative council as a device for abrogating the Balfour Declaration and the Mandate, refused to support so restrictive a grant of legislative power. The Jews were unwilling, despite the retention of veto power by the High Commissioner, to enter a council dominated by an Arab majority which rejected the Mandate and the national home. Active opposition to the plan also arose in the British House of Commons. The Arabs then changed their minds and were prepared to accept the proposal; however, the fierce de-

¹⁰ For an interesting commentary on this problem by the future President of Israel, see Isaac Ben-Zwi, "Local Autonomy in Palestine," *Annals*, vol. 164 (November 1932), pp. 27-33.

bate over the legislative council had accentuated Arab-Jewish hostility. Serious Arab violence erupted in 1936, and a temporizing policy of the Mandatory encouraged Arab revolt. The legislative council plan had to be shelved.

The Mandatory was scarcely more successful in encouraging local autonomy in the government of municipalities, towns, and villages. Under Turkish rule, the municipalities had been allowed to retain rights of self-government, but few Jews had participated in municipal government. Many of them lacked Turkish citizenship; others were unable to meet the stiff property qualifications for voting. During the British military occupation at the end of World War I, districts headed by Governors had been established. At the beginning of the Mandate, Palestine was divided into similar districts, the number of which fluctuated from 14 in 1920 to 2 in 1930 and to 6 at the end of the Mandate. Chief officers of the districts were the District Commissioners, all of whom were British and served under the direction of the High Commissioner. Each Commissioner was assisted by a number of assistant commissioners and inspectors for the purpose of supervising local authorities.

Despite some efforts by the Mandatory to extend local autonomy, local government in Palestine remained rather undeveloped. The Arabs tended to be apathetic toward local self-government, and both Arabs and Jews were discouraged by the severe restrictions which the Mandatory placed on local initiative. The District Commissioners maintained strong central checks over local spending and borrowing, appointments of key personnel, and general policy. In addition the Jewish concern for self-government was concentrated on the development of Jewish quasi-governmental institutions rather than the strengthening of governing institutions serving both Arabs and Jews.

Because of the irreconcilability of conflicting Arab and Jewish goals, the efforts of the Mandatory to establish institutions of self-government were destined to failure at the local as well as the national level. The major Mandatory practice of self-government that Israel adopted was close central supervision of local governments by District Representatives responsible to the Minister of the Interior. But Israel also inherited from the Mandatory a weak system of local government lacking both a corps of trained municipal

administrators and an honored tradition of local public service.¹¹

Termination of the British Mandate was approved by the United Nations on November 29, 1947, when the General Assembly resolved to partition Palestine into a Jewish State and an Arab State. In the five months from the UN decision to the departure of the British and the Israeli Declaration of Independence, Palestine became a battlefield. Ironically, the British, who had restored security and order in Palestine on the heels of the retreating Turks in 1918, seemed determined in 1948 to thwart partition and leave Palestine insecure and disordered. The liquidation of the British administration in Palestine was carried out under conditions calculated to produce maximum chaos and to improve the Arab military position. The country's official administrative machinery was destroyed, and the security of life and property was undermined. This time, however, the Jews were far better prepared than they were after World War I. The institutions of Jewish self-government, which had developed under Mandatory surveillance since 1920, had already assumed the tasks of governance.

JEWISH SELF-GOVERNMENT UNDER THE MANDATE

For more than a quarter century, Jewish governing institutions formed a state within a state, functioning alongside the Mandatory regime and with many of the attributes of an autonomous government. They were staffed with Jews who received valuable training as "civil servants" and were regarded by the Jewish community as the real authority. Whatever the organs of self-governing institutions decided "was considered binding upon the Jewish community, whereas the regulations of the occupying power were followed only reluctantly."¹²

¹¹ The full story of the Mandatory's attempts at local self-government can be found in a number of excellent sources. For example, see Moshe Burstein, *Self-Government of the Jews in Palestine since 1900* (Tel Aviv: 1934); Paul L. Hanna, *British Policy in Palestine* (Washington: American Council on Public Affairs, 1942); Albert M. Hyamson, *Palestine Under the Mandate 1920-1948* (London: Methuen and Co., Ltd., 1950); Norman Bentwich, *England in Palestine* (London: Kegan Paul, Trench, Trubner and Co., Ltd., 1932); and J. C. Hurewitz, *The Struggle for Palestine* (New York: W. W. Norton and Co., Inc., 1950).

¹² Arieh Tartakower, "The Making of Jewish Statehood in Palestine," *Jewish Social Studies*, vol. 10 (July 1948), p. 210.

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The organization of a democratic self-governing community became a major Jewish objective even before the Mandatory administration took office. The impetus was many sided. Under Turkish rule, the Jews had become accustomed to exercising wide discretion in local matters. And under the Mandate, the Jews realized that they would be able to maintain acceptable standards of Jewish community life and social services only by virtue of their own efforts. As British-Jewish tension increased during the life of the Mandate, the Jews were forced to rely more and more on themselves. But the primary impetus stemmed from the Zionist desire to gain experience in statecraft.¹⁸

The political structure of the Jewish community was very intricate. It consisted of two quasi-governmental organizations that carried on activities normally administered only by governments. The first of these, the Community Government, was responsible for the purely internal affairs of the Jewish community. Its objective was to develop a progressive, self-sustaining society for Palestinian Jews. The second quasi-government, the Jewish Agency, existed for the purpose of developing the Jewish national homeland. It provided essential representation in Palestinian affairs for the Zionist movement and managed the relations of the Jewish community to the Mandatory, the Arabs, Jews in other lands, and other countries. This two-fold apparatus of self-government remained necessary as long as the Jews lacked sovereign independence.

JEWISH COMMUNITY GOVERNMENT

During the military occupation of Palestine by the British (1917-1920), Jewish leaders took their first halting steps toward the organization of Palestinian Jewry. The first efforts were significant in two ways. First, they established electoral systems and political procedures that were ultimately approved by the Mandatory and incorporated later in the Israeli political system. Second, there is a striking parallelism between the events of this period and those of 1947-48 during the period of transition from Mandate to statehood.

¹⁸ For a fuller discussion of the political structure of the Jewish community, see J. C. Hurewitz, *The Struggle for Palestine* (New York: W. W. Norton and Co., Inc., 1950), pp. 38-50.

After two abortive attempts during the war by Jewish leaders, a Third Preparatory Assembly met on December 18, 1918, to plan a constituent assembly to draft a constitution for a Jewish Community Government. The decisions of the Preparatory Assembly proved to have a vital impact on future governmental developments. For example, in arranging for the election of the constituent assembly, it determined that the elections should be not only general, direct, by secret ballot, and equal (including women), but also proportional. Candidates for office were required to have a reading and writing knowledge of Hebrew. Six-months' residence for voters and one year's residence for candidates were required. Only after a bitter struggle were women given the right to be elected to the Assembly. A Central Electoral Committee was directed to carry out the election. Elections were delayed first by the preparation of voters lists (a census of Jewish adults did not exist), and secondly by renewed opposition by orthodox Jews to women's suffrage. In the meantime, the Constituent Assembly was renamed the Elected Assembly in order to allay fears of some groups that the new Assembly's decisions would be permanently binding on the Jewish community.

On April 19, 1920, about 20,000 persons, or slightly more than 70 per cent of all registered voters, participated in the balloting. The ultra-orthodox Jews refused to vote in the general polls along with women and arranged their own polls where the latter were excluded. The military authorities banned the opening of the Elected Assembly, but with the approval of the first High Commissioner, it opened in Jerusalem on October 7, 1920. The 314 members of the Assembly belonged to 20 different parties, who merged loosely into three major groupings: the right, consisting of Oriental Jews and various orthodox groups; the left, composed of two strong labor parties; and the center, a weak collection of other groups. Religious intransigence plagued the Assembly from the start, and delayed until 1921 a decision on its tenure. However, the Assembly approved a budget and elected a National Council (Vaad Leumi) of 36 members to conduct the affairs of the Jewish community in accordance with its decisions and to draft a general constitution and system of internal taxation for the Jewish community. The Community Government was finally launched.

Between 1920 and 1948, the apparatus of Jewish community gov-

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ernment consisted of three principal bodies. *The Elected Assembly* was the national legislative body, which was required to meet at least once a year. Generally a new Assembly was elected every three to six years. All Jews over twenty years of age with at least three-months' residence in the country were eligible to vote. Candidates for the Assembly had to be at least twenty-five years old. Between sessions of the Assembly, its powers were delegated to the *National Council* (Vaad Leumi), whose members were appointed by the Assembly from its own membership. It operated under a budget granted by the Assembly. The actual administration of community affairs was assigned to the *National Council Executive*, members of which were nominated by the Council from among its own members. Membership in the Jewish community was voluntary. Funds to finance the activities of the Executive were raised from voluntary assessments.

TABLE 1
Jewish Community Government 1920-1944

<i>Elections</i>	<i>Delegates in Elected Assembly</i>	<i>Party Lists</i>	<i>% Eligible Voters Participating</i>	<i>Members of National Council</i>
1920	314	20	70	36
1925	221	28	52	38
1931	71	16	56	23
1944	171	24	67	42

Although it functioned continuously from 1920, the Jewish community government was not officially recognized by the Mandatory until December 1927. The delay in granting official status stemmed from the opposition of ultra-orthodox Jews as well as controversy with the Mandatory. The Jews had rejected various drafts of the Mandatory's Jewish community regulations because the British had refused to grant certain rights of compulsory taxation to them. This controversy was resolved when statutory powers to levy rates were finally granted in 1927, but they were not used until 1932.

Before 1931, the primary achievement of Jewish community government was the organization of a democratic Jewish society. Until it found a way to use its new taxing powers, it did not have sufficient financial resources to undertake far-reaching programs and re-

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mained preoccupied with political activities. However, it did undertake to resolve disputes between the Jewish colonies, and it devoted considerable energy to the settlement of labor disputes and the alleviation of unemployment. In 1931-32, its activities were extended. It began a limited social welfare program, and took over from the Jewish Agency the administration of health programs and the management of education.

NATIONAL HOME GOVERNMENT

Since its founding, the Zionist movement had developed an elaborate political structure. The supreme authority was the Zionist Congress, which met either annually or biennially to establish general policy. The Congress in turn elected a General Council (or Actions Committee) to act as the responsible authority between Congress sessions, and an Executive to manage day-to-day affairs. This constitutional pattern became the model for the organization of the Jewish community in Palestine beginning in 1917. Prior to World War I and the Balfour Declaration, the main activities of the Zionist Organization were political and propagandistic. After the war political work continued, but considerable emphasis was given to financing immigration and settlement in Palestine.

With the promulgation of the Mandate, the Zionist Organization received international recognition of the role it played in Palestine. Article 4 of the Mandate provided that:

An appropriate Jewish agency shall be recognized as a public body for the purpose of advising and cooperating with the Administration of Palestine in such economic, social and other matters as may affect the establishment of the Jewish national home and the interests of the Jewish population of Palestine, and, subject always to the control of the Administration, to assist and take part in the development of the country.

The Zionist organization so long as organization and constitution are in the opinion of the Mandatory appropriate, shall be recognized as such agency. It shall take steps in consultation with His Britannic Majesty's Government to secure the cooperation of all Jews who are willing to assist in the establishment of a Jewish national home.

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Article 11 of the Mandate further authorized the Mandatory to arrange with this Jewish Agency, whose functions would be exercised by the Zionist Organization, for the construction and operation of public works, services, and utilities and for the development of natural resources to the extent not undertaken by the Mandatory directly. From 1922 to 1929, the Zionist Organization advised and cooperated with the Mandatory in accordance with these provisions. The Zionist Executive consisted of 11 members, 6 of whom resided in Palestine and formed the Palestine Zionist Executive.

Acting as the Jewish Agency as defined in the Mandate, the Zionist Organization did not appeal to non-Zionist Jews who supported the settlement of Jews in Palestine but rejected the goal of a Jewish political state. However, Weizmann, as president of the Zionist Organization, convinced many wealthy non-Zionists to cooperate in helping Jews settle in Palestine. But the price of their cooperation was representation on a broad-based Jewish agency recognized officially by the Mandatory. Opposition to non-Zionist participation came primarily from Zionists of East European origin who were unwilling to accept non-Zionists as equal partners on the governing bodies of the Jewish Agency.

Because of the pressing need for non-Zionist political and financial assistance, Weizmann finally succeeded in 1929 in broadening the Jewish Agency authorized by the Mandate to include influential non-Zionist Jews. In August 1929, the Jewish Agency for Palestine was formally constituted and recognized by the British Government. Its structure was almost identical to that of the Zionist Organization. A Council of 224 members met biennially at the close of each Zionist Congress to establish policy and elect an Administrative Committee of 40 members and a smaller Executive. The president of the Zionist Organization automatically became president of the Jewish Agency, and the Foundation Fund (*Keren Hayesod*), which had been the major financial arm of the Zionist Organization, was transferred to the Agency.

At the outset, Zionists and non-Zionists were to be given equal representation in the Council, Administrative Committee, and Executive of the Jewish Agency. Almost from the first, the formula of equal representation was breached. The proportion of non-Zionists

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was gradually reduced; by 1937 they constituted only a small minority of negligible influence.

The distribution of functions between the Zionist Organization and the Jewish Agency was never clear-cut. Generally the Agency became the Jewish instrumentality for the handling of immigration, settlement, and economic development of Palestine. The Zionist Organization was concerned mainly with the internal affairs of the Zionist movement, but it retained management of the Jewish National Fund (Keren Kayemet) despite the Fund's intimate relation to Jewish development in Palestine.

The Jewish Agency became the mainspring of Jewish self-government. It tended to overshadow the National Council (Vaad Leumi) of the community government, although their relations were normally harmonious. It organized separate departments for administering its principal programs. Although it had no authority to legislate or to tax, the Agency became a truly national administration, undertaking functions usually handled only by sovereign states. The continuing importance of political activities virtually turned the Political Department of the Agency into a foreign ministry. The Immigration Department received from the Mandatory the available certificates for Jewish immigrants and bargained with it for higher immigration quotas. In addition the department financed the operation abroad of farms for training prospective immigrants, arranged for emigration to Israel, and provided the immigrants with the essentials of life until they found jobs. The Labor Department helped new immigrants find jobs, promoted vocational training, carried out sanitation schemes, and helped to provide unemployment relief. The Department of Colonization founded agricultural settlements, taught farmers by field demonstrations and agricultural experiments to improve methods of farming and to increase agricultural yields, provided current information on industrial and commercial opportunities, and advanced loans to manufacturers, farmers, and settlements. When ministries were established by the new State in 1948, many officials merely transferred their files and materials from the Jewish Agency and the National Council Executive and continued to operate.

Perhaps the most remarkable feature of Jewish self-government

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was the gradual evolution of an illegal army. Founded originally to supply watchmen in exposed settlements near Arab centers of population and to defend the Jewish community against Arab violence, the defense force (Hagana) became by 1936 a high-spirited militia of at least 10,000 trained members. Supported secretly by the Jewish Agency and the National Council, the Hagana played a crucial role in the achievement of statehood.

RESULTS AND LIMITATIONS OF SELF-GOVERNMENT

Despite the failure of the Mandatory to draw large numbers of Jews into its administration, the Jews were able to obtain intensive experience in governing themselves. By 1948 they had been exposed for several decades to complex problems of democratic governance. The values of democracy, which they had brought with them to Palestine, were supplemented by practical experience under the most trying conditions. Through the medium of their own political institutions, they created a rich communal life before the State was established. Democracy was not imposed from without. Rather it became an integral part of the new society in the formative years preceding statehood.

Jewish self-government, during the Mandate, however, was not responsible for handling some of the difficult burdens of national sovereignty. Since the progress toward the building of a national home depended heavily on gifts and donations from Jews all over the world, the budget of the Jewish Agency represented dreams and goals rather than plans carefully calculated as to costs and results. Budgets were keyed to fund-raising abroad, not local resources. The effective treasurer or financial secretary was more likely to be a brilliant improviser than an able economy-minded administrator. Financial dependence and the lack of political independence relieved the Jews from any concern with Palestine's international balance of payments. They were encouraged to overlook economic considerations in developing new industry and establishing new settlements and to stress the political and cultural aspects of development programs. The sacrifices and austerities that pioneering work imposed on Jewish settlers in Palestine made it difficult for them to understand the conventional measures of economic performance. Their extraordinary success in disproving the theories of

experts concerning the absorptive capacity of the Palestinian Jewish economy seemed to make economic standards and criteria irrelevant if not dangerous.

THE ZIONIST POLITICAL TRADITION

The Zionist movement and Jewish self-government in Palestine bequeathed to the State of Israel a democratic political tradition that helped to mold the political institutions of the new state.

In the politics of Zionism, a baffling number of parties competed for relatively few elective positions. The parties of the right and left presented sharply different ideological alternatives to the voters. The center parties, always stronger than the right and suppliers of many leaders of the movement, were more flexible in their policy commitments, and their ideological base was usually vague. Voting by party lists for candidates selected by the party machinery without reference to any geographical constituency encouraged a high degree of centralization in party control. The system of proportional representation led inevitably to a governing coalition with loose executive leadership and a loss of dynamic force in the parliamentary branch.

The Zionist Organization and the governing bodies of the various Zionist factions established single-chamber representative legislatures, which delegated authority to smaller bodies elected from their own membership. These units in turn elected small executive groups from their own members. While the State of Israel dispensed with the intermediate body, it retained the unicameral legislature from which the great majority of Government ministers are selected.

Political controversy was normally intense; even minor and relatively nonpolitical matters occasioned bitter inter-party rivalry. Zionists seemed to lack unity except under attack. Both parties and leaders displayed a highly-developed capacity for partisan bickering and perpetuation of party feuds. Yet they also had astonishing ability to bury their differences and work in unity toward the common goal of national independence. Zionism produced an oratorical tradition of seemingly endless discussion and long, repetitive speeches that were frequently brilliant pieces of analysis encum-

bered by reaffirmations of the justice of the demand for a national home and the relation of Zionism to Jewish survival and Biblical history.

Religious separatism, motivated by unswerving devotion to the tenets of orthodox Judaism, endowed the Zionist movement with a divisiveness that often undermined elementary requirements of unity and stability in a hostile environment.

The volatile clash of rival Jewish and Arab nationalisms and the multiplicity of ideological parties placed a premium on improvisation to meet constantly changing situations.

Zionist leaders were usually preoccupied with political negotiations internally in the Zionist movement and on an international scale. They paid only scant attention to the economic requisites of the national home.

During the Mandate there was relatively little concern with the strengthening of institutions of local government. Partisan rivalries were transferred readily to local governments where they were allowed to obstruct rational development of local institutions. Zionism, however, remained firmly attached to democratic values and parliamentary forms. Freedom of thought and expression invigorated the intellectual life of the country and promoted a vigorous journalism and literature. On the other hand, the orientation toward sovereign government of many Jews in Palestine was peculiarly unsuited to statehood. To refugees from Czarist terror and the Nazi holocaust, the established authority of government was the object of fear and hate. To the orthodox, it represented the profanation of the name of the Lord. To the pioneer immigrants of the 1920's and to native-born Palestinian youth, the Mandatory was the instrument of repression to be sabotaged and undermined for the benefit of the national home.

Zionists were nourished by a sense of positive achievement in the face of extraordinary odds. Before statehood was achieved, they were able to point with pride to the establishment of the Hebrew University (1925), the Technion (1912), and the Weizmann Institute of Science (1946); a national theater and symphony orchestra; the full-scale operation of the principle of education for all children; an active defense force; and a powerful labor federation—the Histadrut—that encompassed cultural, educational, medical, industrial,

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and commercial activities along with conventional trade union functions.

Writing immediately after the UN Partition Resolution of November 29, 1947, the venerable statesman of Zionism, Chaim Weizmann, who had been influenced by the British parliamentary system, called on Jewish political leaders to profit from Zionist practice:

It would be regrettable if the constitution of the new republic were to be fashioned in the image of that of the Zionist Organization. The latter is based on the principle of proportionate representation, which necessarily leads to the existence of a great many parties. We must try to avoid a repetition of the elections to the Va'ad Leumi—the representative body of Palestinian Jewry hitherto.¹⁴

But the pull of Zionist tradition was too strong, and the State was fashioned in the image of the Jewish Agency and Jewish community government.

¹⁴ Chaim Weizmann, *Trial and Error* (New York: Harper and Brothers, 1949), p. 461.

Chapter 2 Evolving the Constitutional Framework

When Herzl returned to Vienna from the meeting of the First Zionist Congress in Basel in 1897, he wrote prophetically in his diary: "If I were to sum up the Basel Congress in a single phrase—which I would not dare to make public—I would say: In Basel I created the Jewish State. Were I to say this aloud I would be greeted by universal laughter. But perhaps five years hence, in any case, certainly fifty years hence, everyone will perceive it."¹ It was exactly fifty years later that the United Nations resolved to create a Jewish state by a partition of Palestine. In the half-century that intervened, a constitutional framework for the future state had been slowly emerging from the practices and procedures of Zionist bodies in Palestine and throughout the world.

Under the UN Partition Resolution of November 29, 1947, the British Mandate over Palestine would be terminated, and evacuation of British troops from Palestine would be completed by August 1, 1948. Two months later, the Arab and Jewish states would begin to function. To supervise their emergence, the Resolution created the UN Palestine Commission, which was directed to appoint provisional councils of government in the two states and arrange for holding elections of constituent assemblies prepared to assume sovereignty on October 1. The UN stipulated that men and women eighteen years of age and over would be qualified to vote and that the new constitutions would embody a democratic parliamentary form of government elected by proportional representation and guaranteeing fundamental freedoms.

The governing experience of the Palestine Commission was negligible compared to Zionist political traditions that had slowly evolved on the basis of trial and error. In any case, the Commission had little opportunity to carry out its mission. When it convened for its first meeting at Lake Success on January 9, 1948, its purpose had been made almost obsolete by swiftly-moving events. Immediately following the Partition Resolution, Arab forces began sporadic attacks on Jewish communities. The Jewish underground militia,

¹ Quoted in Alex Bein, *Theodor Herzl* (Philadelphia: Jewish Publication Society, 1941), p. 243.

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the Hagana, sought to establish the security of the territory allotted to the Jewish State and repulsed the Arab troops. The British, who did not conceal their hostility to partition, announced unilaterally on December 11, 1947, that they would terminate the Mandate completely on May 15 instead of allowing a gradual transition to provisional governments under the guidance of the Palestine Commission. Britain agreed on January 14, 1948, to give the Commission the benefit of British experience and knowledge, but it declared itself "unable to take part in the implementation of the United Nations plan."²

In the meantime, the Jews were very active. In October 1947, when they became convinced that the British intended to get out of Palestine, the National Council of the Elected Assembly and the Jewish Agency Executive began to make arrangements for the maintenance of essential governmental services and for the preservation of security. They formed a Joint Emergency Committee to prepare for statehood.³ Before the committee disbanded in March 1948, a legal code and a proposed constitution were drafted; a school for training future diplomats and administrative personnel was established; a roster of experienced Jewish and British civil servants willing to serve the future Jewish government was developed; vigorous recruitment for the Hagana was instituted; military reservists were given refresher courses; and maintenance work on communications was stepped up. The committee and its successor, a temporary thirty-seven-member national council (Vaadat Hamazav, literally, the Committee of the Condition), became the *de facto* government of the Jewish community during the emergency period. According to one account:

In an antechamber of the Prime Minister's office in Jerusalem there was a bookcase crammed with files of drafts and plans for

² United Nations Palestine Commission, *Report to the General Assembly*, United Nations Document A/532, 10 April 1948, p. 10. For an account of the work of the Commission, see L. Larry Leonard, "The United Nations in Palestine" in *International Conciliation*, October 1949, No. 454.

³ The members drawn from the Agency Executive were Ben Gurion, Pinchas Bernstein, I. Gruenbaum, Eliezer Kaplan, Moshe Shapiro, and Golda Meyerson. The members drawn from the National Council were M. Grabowsky, Z. Luria, G. Landauer, D. Pinkas, D. Remez, and M. Shattner. Dr. A. Granovsky represented the Jewish National Fund.

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the various Israel ministries written long in advance of Israel's freedom. . . . By February [1948], a complete blueprint of government was ready. Even before the mandate ended, the Israel administration was functioning."⁴

In January 1948, Arab-Jewish hostilities developed into war. The British no longer maintained order, and the Hagana operated openly in defense of Jewish interests. In February renewed Arab diplomatic activity in the UN and indications that the American UN delegation was considering drastic modification of the partition plan spurred Jewish officials to move ahead with their plans.

On March 1, the temporary national council announced its decision to proclaim the independence of the Jewish State on May 14. On March 23, the Agency Executive and the National Council (Vaad Leumi) disclosed their plan for the establishment of a provisional government following the promulgation of the State. Moshe Shertok (later Sharett), as head of the Political Department of the Jewish Agency, presented the plan for a provisional government to the Palestine Commission on March 25. On April 12, the General Council of the Zionist Organization approved the plans to establish a State Council as soon as the Mandate terminated. On May 14, while the UN debated proposals for an international regime for Jerusalem and for postponement of partition in favor of a temporary trusteeship, the representatives of the Jewish Agency informed the delegates to the General Assembly that at 10 a.m. (New York time) a Jewish State had been proclaimed. Before the resolutions on the Assembly's agenda could be voted on, the United States delegate announced that his government had recognized the provisional government as the *de facto* authority of the new State of Israel.

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On the day of independence, the first government of Israel emerged according to plan. Its three elements comprised a Provisional Council of State of 38 members, a Provisional Government (cabinet) of thirteen ministers elected by the Council from among its members, and a president elected by the Council. The Council

⁴Hal Lehrman, *Israel: the Beginning and Tomorrow* (New York: William Sloane Associates, 1951), p. 47.

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of State included 14 members of the former National Council Executive, 11 Palestinian members of the Jewish Agency Executive, and 12 additional members from parties and communities not represented in these self-governing bodies. On May 16, the Council elected as its president Chaim Weizmann, who automatically became the Council's 38th member. Twelve parties were represented in the Council of State: Mapai, with 12 members; General Zionists, 7; Mapam, 5; Revisionists, 3; Mizrachi, 2; Hapoel Hamizrachi, 2; Agudat Israel, 2; New Immigrants, 1; Sephardim, 1; Yemenites, 1; Communists, 1; and Women's International Zionist Organization, 1. Seven parties were represented in the Provisional Government, roughly in accordance with their estimated political strength.

In the Government, headed by David Ben Gurion, former chairman of the Jewish Agency and still leader of the dominant Mapai Party, neither the ministers nor their portfolios were new. As one observer reported:

The new ministries were straight transformations of the bureaus of previously existing institutions. Thus, the Political Department of the Agency became the Foreign Ministry; the Social Welfare Department of the Vaad Leumi . . . became the Ministry of Social Welfare; the Ministry of Health was pieced together from the Vaad Leumi and the mandate government. Every department had its budget planned on paper for the first year. Even the ex-Nazi villas of the first governmental compound—known as Ha'-Kiryat (The City)—situated in Tel Aviv's Sarona district, once a German Christian colony and a pre-war hotbed of Nazism, had already been allocated to the various ministries. Some of the high officials knew ahead of time which office in which house was awaiting them, and where the furniture stood ready for delivery.⁵

During its tenure, from May 14, 1948, until March 10, 1949, when the first constitutional government took office, the Provisional Government enjoyed a maximum of national loyalty and a minimum of party strife. The customary fierce allegiance to party was subordinated to the overwhelming demand for unity within the besieged State. It had successfully repulsed the renewed Arab attacks and

⁵ *Ibid.*, p. 47.

mobilized the resources of the country on an emergency basis for ten critical months.

Although the Provisional Council had no constitutional status, its decisions formed the basis of the constitutional framework of the new State. It immediately proclaimed the independence of the State and abolished the Mandatory restrictions on immigration and Jewish land purchase. Subsequently, it established a Supreme Court (within six weeks of Independence Day), provided a system of Israeli currency and postal stamps, organized the economic life of the country during the war, and developed plans for elections to a constituent assembly to prescribe the legal basis for permanent governing institutions. It adopted legislative procedures that became traditional in succeeding parliaments—for example, the British practice of opening legislative sessions with a half-hour question period which included replies by ministers to queries submitted by legislators, extensive parliamentary debate on important government reports, appointment of parliamentary standing committees to consider legislative proposals and conduct hearings and inquiries, and preparation of the parliamentary agenda by the Government.

In its first ordinance, enacted on May 19, 1948, the Provisional Council provided for a continuation of existing local governments, authorized itself to levy taxes, borrow funds, and fix the budget of the Provisional Government, and required publication of ordinances and administrative regulations in an *Official Gazette*. The Council also authorized the delegation of authority to ministers of the Government to issue administrative regulations to implement ordinances. And if the Council of State found it necessary to proclaim a state of emergency, the Government could promulgate regulations in the interest of the defense of the State, its public security, and its essential services. By regulation the Government could alter, suspend, or modify any law, but an emergency regulation would expire after three months unless revoked earlier or extended by the Council of State. Emergency regulations could also be terminated in toto by a declaration by the Council that the state of emergency had ceased to exist.⁶ Because of the continuing crisis

⁶ These emergency authorities are found in section 9 of Law and Administration Ordinance, no. 1 of 5708-1948, *Laws of the State of Israel*, Authorized Translation from the Hebrew, vol. I, Ordinances, 5708-1948, pp. 7-12. A discus-

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in the security of Israel in the Middle East, the emergency powers of the Israel parliament and executive have not been repealed.

ELECTING THE CONSTITUENT ASSEMBLY

The declaration of the establishment of the State of Israel called for a "Constitution which shall be adopted by the Elected Constituent Assembly not later than the 1st October 1948. . . ." However, the Provisional Council of State did not consider legislation establishing the electoral machinery and rules for the constituent assembly until the end of October. With the advice of a special drafting committee, it produced an ordinance establishing a system for electing delegates to the constituent assembly. Although debate on the draft ordinance was protracted, the electoral system that emerged was remarkably similar to that of the Mandatory Jewish community government.

The Constituent Assembly Elections Ordinance of November 18, 1948, set forth the general principles of a single national constituency and direct election by secret ballot. Candidates would be nominated by political parties, but voters would vote for party lists rather than candidates. The Council rejected the recommendation of the special drafting committee to give voters the right to strike out names on the party list and substitute others. According to the Ordinance, the Constituent Assembly would consist of 120 delegates elected by proportional representation.⁷ Candidates would be

sion of the activities of the Provisional Government is found in Emanuel Rackman, *Israel's Emerging Constitution, 1948-51* (New York: Columbia University Press, 1955), pp. 50-64.

⁷ Each party list was entitled to as many representatives as the total votes it polled divided by the voting quotient. The quotient was to be the total number of valid votes cast divided by 121. The remaining seats were to be divided according to the following formula. Each party that elected at least one representative was assigned a "list" quotient, which was computed by dividing the total number of votes cast for the party by the number of representatives elected from that list plus one. The party list with the largest "list" quotient elected another representative; the party with the next largest quotient elected another, and so forth, until all the remaining seats were assigned. If this procedure failed to dispose of all of the seats, the procedure was repeated, except that this time the new list quotient was computed by dividing the total number of votes cast for the party list by the number of representatives elected from that list plus two. For a discussion of proportional representation, see Chap. 3, pp. 82, 88-92.

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elected in the order in which their names appeared on their party list. Specific parties were allowed beforehand to agree on a disposal of surplus votes, and they could also agree in advance to merge their votes. Procedures for counting and reporting votes and penalties for illegal voting and interference with the elections were prescribed. Candidates had to be 21 years of age, but voters had to be only 18 years old. Discrimination by race, creed, or nationality was prohibited. Civil servants were required to take leave from their posts in order to stand for election; but, if defeated, they were allowed to return. In order to determine voting eligibility, the Provisional Government conducted a population census which was completed in November 1948.⁸

The most difficult problem of election procedure concerned the appointment of a Central Elections Board and district boards of election. The membership of the Central Board was fixed at 19 persons drawn from the various political parties.⁹ Its chairman was to be a justice of the Supreme Court, elected by the Court rather than the Elections Board. However, the Council of State rejected the proposal to make district court judges chairmen of the district election boards. The Ordinance reserved to the Constituent Assembly the authority to determine the legality of the election of any candidate. Finally, the election was scheduled for January 25, 1949.

In January 1949, shortly before the election, the Council of State refused to fix the term of the Constituent Assembly or to set a deadline for the drafting of a constitution. The Provisional Government had argued that the Council should not restrict the operation of the first legislative assembly elected by democratic vote. The debate in the Council indicated that the Provisional Government would continue to function until a successor government was chosen from members of the Constituent Assembly. The Provisional Government apparently anticipated that the Constituent Assembly would not draft a formal constitution but instead would become the

⁸ 785,678 persons were registered in the 1948 census, including 716,678 Jews and 69,000 Arabs, Druses, and Christians.

⁹ The parties represented on the Central Board were: Mapai, 4; Mapam, 2; Mizrachi and Hapoel Hamizrachi, 2; Progressives, 2; Revisionists, 2; Agudat Israel, 1; Women's International Zionist Organization, 1; Poalei Agudat Israel, 1; and Sephardim, 1.

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legislative body of the State, from which the executive branch would be constituted.

Of the 506,567 persons eligible to vote in the Constituent Assembly election, 440,095 or 87 per cent cast ballots. Out of twenty-one parties (including a United Religious Front comprising four parties) that presented lists, nine parties together polled less than 5 per cent and failed to elect a single candidate.¹⁰ The Constituent Assembly was composed of 108 men and 12 women. Only three Arab delegates were elected. Less than twenty of the delegates had been born in Palestine. The following trades and professions were represented.

farmers	35	manual laborers	5
labor union officials	19	bank directors	3
writers	18	teachers	2
lawyers	12	mayors	2
businessmen	10	university professor	1
professional politicians	8	rabbis	5

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Chaim Weizmann opened the Constituent Assembly in Jerusalem on February 14, 1949. No challenge to the election results was filed. Consequently, the first order of business was consideration of the report of the Committee on the Constitution, which had been appointed by the Council of State to draft a proposed constitution. On February 16, 1949, the Assembly enacted the Transition Law, which became known as the "Small Constitution." Based on the Committee's draft articles on the executive and legislative branches, the Transition Law is the legal basis on which the government of the State of Israel has since functioned. It created a republican form of government with a strong parliament (the Knesset), a powerful cabinet (the Government), and a weak presidency with purely formal powers.

Under the Law, the Constituent Assembly became the First Knesset, and functioned in that capacity until the Second Knesset took office two and a half years later (on August 20, 1951). There

¹⁰ For election results, see Table 2, page 87.

was little protest against the conversion of the Assembly into a full-fledged parliament mainly because the parties did not expect to gain strength by having new parliamentary elections following the adoption of a written constitution.

Of the fifteen paragraphs of the Transition Law, two dealt with the legislature, five with the Government, five with the President, and three with technical and procedural matters. The Knesset provisions were particularly brief. They changed the name of the Assembly to the First Knesset; gave the term "law" to legislative acts; required the Prime Minister, the appropriate cabinet minister, and the President to countersign all laws as a way of establishing their authenticity; and required publication of all laws within ten days after enactment. In subsequent amendments the First Knesset defined the rights, duties, and privileges and immunities of members of the Knesset. The Law did not fix the term of the First Knesset or provide a method for calling a new election in the event of a cabinet crisis. The problem of a new election was solved by agreement in 1951, when a term of four years was fixed for the Second Knesset.

The provisions dealing with the President were more specific. He is elected by the Knesset by secret ballot. The candidate who receives a constitutional majority—that is, more than half the votes of all members—on the first or second ballot is elected. The requirement of a constitutional majority is dropped after the second ballot. On the third and each successive ballot the candidate with the smallest number of votes in the preceding ballot is dropped, and the candidate receiving a simple majority is elected. The law prescribes the President's oath of allegiance and fixes a term of office equal to the first Knesset plus three months following the assembling of a new Knesset. The President was given power to sign treaties following Knesset ratification, appoint diplomatic representatives nominated by the Government, receive diplomatic representatives of other countries, and pardon offenders and mitigate punishments. The President was not given authority to veto legislation, call referenda, dissolve parliament, or call special sessions. An amendment of April 6, 1949, made the presiding officer of the Knesset the Acting President during the temporary absence of the President from Israel. Until the Presidential Tenure Act was passed in De-

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cember 1951, there were no provisions dealing with a President's death, resignation, disability, impeachment, or removal.

The Transition Law called for the resignation of the Provisional Government after the election of the President, but authorized it to serve as a caretaker Government until a new one was confirmed by the Knesset. The procedure for the formation of a new Government included the following steps: 1) The President, after consultation with party leaders in the Knesset, requests a member of the Knesset to form a government. 2) The Prime Minister-designate attempts to form a coalition; he appoints to his proposed cabinet an unspecified number of ministers drawn either from the Knesset or from outside the Knesset. 3) He submits his coalition program and partners to the Knesset. If the Knesset approves the coalition with a simple majority vote of confidence, it is duly constituted as the Government. It is collectively responsible for its acts to the Knesset and continues in office as long as it enjoys the confidence of the Knesset. 4) If the Government loses this confidence or voluntarily resigns, it continues in office until a new Government has been duly installed.

The debates on the provisions relating to the executive suggest many problems of constitutional development in new states.¹¹ Should a written constitution be promulgated at the outset, or enacted gradually on the basis of experience? Will a written constitution developed early in statehood produce rigidity in political institutions? Should the fundamental law limit the number of ministers in the Government? Should ministers be chosen generally from the Parliament, as in Great Britain? Should a constitutional majority be required in votes of confidence? Should a resigning Government function until a successor Government has been confirmed? Should ministers of the Government, members of the parliament, or civil servants be allowed to remain active in the management or operation of a business?

¹¹ For a convenient documented discussion of the constitutional debates, see Emanuel Rackman, *op. cit.*, pp. 65-80; see also Joseph Dunner, *The Republic of Israel* (New York: Whittlesey House, 1950), pp. 116-125; "Laws or a Constitution," a speech delivered to the First Knesset on February 20, 1950, in David Ben Gurion, *Rebirth and Destiny of Israel* (New York: Philosophical Library, 1954), pp. 363-380; and Yehuda Leo Kohn, "The Emerging Constitution of Israel," in Moshe Davis, ed., *Israel: Its Role in Civilization* (New York: Harper and Bros., 1956), pp. 130-145.

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For constitutional purposes, the Transition Law had severe limitations. The operation and organization of the Knesset was not described; no limitations were placed on legislative power; and the judiciary was not mentioned at all. Periodic elections were not prescribed; and the fundamental freedoms of speech, press, and assembly were not safeguarded. It is not difficult to account for the ease with which the "Small Constitution" was accepted. For many Israelis, nearly three decades of Jewish self-government in the democratic, parliamentary tradition provided a solid base of established political practice that seemed to make a formal written constitution unnecessary. Moreover, it was assumed, not without reason, that the political parties could be counted on to maintain a barrage of criticism of the Government to prevent or check abuse of power.

CONSTITUTIONAL DEVELOPMENTS IN THE FIRST KNESSET, 1949-1951

Immediately following the enactment of the Transition Law, the Knesset followed the new constitutional procedure and elected Chaim Weizmann first President of Israel. The Provisional Government immediately resigned, and the President asked David Ben Gurion, the leader of the Mapai Party and head of the Provisional Government, to form the first constitutional Government. For three weeks Ben Gurion bargained over the allocation of ministerial posts with the leaders of three parties that had agreed to enter a coalition: the United Religious Front, the Progressives, and the Sephardim. The United Religious Front had agreed to join only after the cabinet pledged itself not to import non-kosher food. Finally, on March 8, the proposed Government and its program were presented to the Knesset in Tel Aviv, and on March 10 the first regular Government was confirmed by a vote of 73 to 45. Nine of its twelve ministers were carried over from the Provisional Government, and the three new ministers have had extensive experience in succeeding Governments. The small turnover in ministerial posts, which is analogous to the contemporary French situation, seemed to set a pattern that has been adhered to in the first decade of statehood despite the frequency of new Governments.

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The Government's program, which the Knesset ratified on March 10, was presented as a statement of *Fundamental Principles* to which the coalition partners subscribed. Although the statement established goals of public policy rather than legal rights, it is significant in the constitutional development of the Israeli political system.

The *Fundamental Principles* accepted the principle of collective responsibility of all ministers in the Government; but it prescribed complete freedom of debate for members of the Knesset in discussing Government policy.

It proclaimed that complete equality of rights and duties was guaranteed to all citizens without discrimination based on race, creed, or nationality. Equality for women and freedom of religious observance, education, and culture were assured. The Sabbath and Jewish festivals were to be days of rest, and non-Jews were free to observe their own Sabbaths and festivals. The Government did not undertake to provide for a person's private religious needs.

It declared the nation's intent to adhere to the principles of the United Nations Charter, maintain friendly relations with all peace-loving peoples, work through the UN toward peaceful cooperation with her Arab neighbors, and support movements to promote human rights. An immigration visa was guaranteed to every Jew who wanted to live in Israel.

It affirmed the power of the State to conscript manpower, but it did not resolve the difficult issue of the conscription of women, to which the orthodox bloc was opposed.

The Government and the Knesset assumed responsibility for the housing, education, and cultural and economic assimilation of immigrants. It also pledged that the State would be responsible for curbing inflation, for rationing essential goods in short supply, and for regulating imports, exports, and the use of foreign currency. Moreover, the State would improve facilities of transportation and communication, use public funds to develop the resources of the nation, use its fiscal powers to promote economic development and a more equitable distribution of income, and promote the health and the security of the national community.

The *Fundamental Principles* promised that free compulsory education would be established in which opportunities would be open

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to all without discrimination. Schools for Arabs in the Arabic language would be organized. A minimum curriculum including physical and scientific training was prescribed; youth movements were included within the bounds of governmental support; and the Government assumed responsibility for promoting science, the arts, and sacred learning. The Government also took responsibility for supporting the families of deceased or disabled veterans, and veterans were singled out for certain priorities and privileges in education and employment.

Labor unions were guaranteed the right to organize, bargain collectively, and strike. The Government would protect workers by fixing minimum wages, establishing safe working conditions, guaranteeing vacations, and mediating labor disputes. Women and children were to be given special protection. Equal pay for men and women in the same jobs was assured, and the Government assumed responsibility for raising the standard of living of Arab workers to a level of equality with Jewish workers.

Finally, the Government recognized the principle of appointment to civil service positions on the basis of competitive examination rather than party loyalty.

The *Fundamental Principles* lacked the status of law, but its ratification by the Knesset reflected a majority commitment to a broad welfare state. Public responsibility for the welfare of the population could scarcely be more extensive. However, its guarantees of personal freedom and equality were conditioned upon maintaining "due regard for the security of the State, its freedom and independence, as well as respect for private rights." The acceptance of the philosophy of the welfare state together with the limitations placed on the maintenance of the fundamental freedoms of expression and association have raised serious questions of political theory and practice. As one analyst has remarked: "Constitution makers cannot forever ignore the threat to personal freedom from a welfare state whose legislation has no restraints whatever from either an oral or written constitution."¹²

One of the laws of constitutional significance passed by the First Knesset was the State Comptroller Law, enacted May 18, 1949, which provided for the appointment of a State Comptroller by the

¹² Emanuel Rackman, *op. cit.*, p. 93.

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President upon recommendation of the Knesset. Originally the State Comptroller held office for the term of the Knesset, and until the expiration of four months of the term of the next Knesset. But an amendment of August 5, 1952, gave the Comptroller a statutory term of five years. The Comptroller is independent of the Government and responsible only to the Knesset. A strict "conflict of interest" provision forbids the State Comptroller to have any other employment, or financial relations with any company subject to the control of the Government or the Comptroller. His principal duties are to provide a continuous independent audit of all governmental financial transactions in behalf of the Knesset. In addition he examines the administrative operations of Government offices and programs and makes recommendations to improve their administrative efficiency.¹³

When the Knesset met in February 1950, the opposition parties, supported by some members of the coalition parties, renewed the demand for a written constitution. Only the United Religious Front remained unanimously opposed to a written constitution. Advocates of a written constitution claimed that it would enhance the authority and stability of the State, help to prevent usurpation of power by the legislative or executive branch, safeguard fundamental freedoms and minority rights more effectively than ordinary law, and help immigrants and children become familiar with their new State by training them in the modes of democratic government. Many opponents of the written constitution believed that it was too soon to establish a detailed constitutional pattern; the State was still in flux. Orthodox Jews felt that the only acceptable constitution for Israel was one squarely based on the Judaic creed. Others argued that a written constitution should await the end of the first great wave of immigration that had already brought more than a hundred thousand immigrants to Israel. Some took the position that debate on the provisions of a written constitution would accentuate party hostilities and weaken the Government. Still others stated that the difficulty of amending a written constitution would create problems for a new State with limited governmental experience.

¹³ The work of the Office of the State Comptroller is discussed in detail in Chapter 11.

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The debate on the written constitution continued intermittently for four and a half months. Finally, on June 13, the Knesset adopted a compromise motion that barely won the support of half of the members present (51 votes for, 39 against, and 10 abstentions). While the compromise resolution states that Israel should have a written constitution, it declared against its immediate comprehensive enactment. Instead a number of fundamental laws would be passed gradually, which eventually, in the light of experience, would be revised and incorporated into a written constitution. However, the resolution failed to set a time limit for the piecemeal preparation of drafts of various sections, and it did not distinguish fundamental law from ordinary statute law. The Knesset subsequently enacted several statutes which have great constitutional significance but lack the status of fundamental law that can be changed only by a more difficult amending process.¹⁴ Nevertheless, the Israeli constitution has been developing step by step, along the lines marked out by the resolution.

The first cabinet crisis occurred in October 1950. The Prime Minister, David Ben Gurion, had proposed the addition of a separate Ministry of Commerce and Industry with a Minister chosen from outside the Knesset. When the United Religious Front rejected the proposal and thereby defeated it, the Prime Minister resigned. He suggested that, in view of the instability of the Government's majority in the Knesset, elections should be held as early as possible and that in the interim period a minority cabinet of seven Mapai ministers should serve as caretaker government. The Knesset rejected the proposal and directed its Legislation Committee to present an Election Law draft within two weeks. President Weizmann then asked Pinchas Rosen, Minister of Justice and leader of the Progressive Party, to form a new Government. After Rosen declined the invitation, the President requested Ben Gurion to form another government.

Ben Gurion's second Government was approved by the Knesset on November 1, 1950, by a vote of 69 to 42. Eleven of the thirteen ministers in the new Government were carried over from the pre-

¹⁴ For example, the Law of the Return (entitling every Jew to enter Israel); Equal Rights for Women Law; the Nationality Law; and the National Service Law.

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vious one, and the principles of the new Government were identical with those of its predecessor. It proved to be as unstable as well. On February 14, 1951, the Government was defeated (49 to 42) over the issue of education of Yemenite children in immigrant transit camps. The Religious Front had demanded automatic assignment of the children to orthodox religious schools. Although the vote was not technically an expression of lack of confidence in the Government, Ben Gurion submitted the collective resignation of the cabinet without consulting his coalition ministers.

COALITION GOVERNMENT: THE SECOND KNESSET, 1951-1955

The sudden resignation of the Government created an unprecedented problem. The Constituent Assembly Elections Ordinance had not fixed the term of the First Knesset, and the Knesset had no procedures for calling a new election. Consequently, the propriety of an election at that time was not clear-cut. After consulting leaders of the Knesset, the President summed up the situation in a letter to the Speaker of the Knesset:

The representatives of most parties have expressed the view, that owing to the impossibility of reinstating a stable Government, it will be necessary to hold new elections. They voiced the hope that, as a result of elections, a majority would emerge ensuring a stable Government for a long period, as dictated by the need to achieve the high purpose of gathering in the exiles and consolidating the State both within and in its external relations.

The President wrote that he had "reached the conclusion that the outgoing Government must continue to function in accordance with the Transition Law until a new Government is formed after the elections."¹⁵

Following the course outlined by the President, the Government and the Knesset drafted legislation to terminate the First Knesset and schedule elections for the Second Knesset. The Second Knesset Elections Law, enacted on April 12, 1951, made few changes in the

¹⁵ President Weizmann's letter is reproduced in part in the State of Israel, *Government Year-Book 5712 (1951/52)* (Jerusalem, 1951), p. 4.

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voting system. It maintained the size of the Knesset at 120 seats and prescribed the familiar elections formula—national, direct, equal, secret, and proportional. Everyone 18 years of age and older and registered on March 1, 1951, as a resident of Israel was eligible to vote. Candidates for office had to be at least 21 years old. In an effort to reduce the number of splinter parties, the law provided that a party list had to receive a minimum of one per cent of the total number of valid votes cast in order to participate in the distribution of seats. The term of the Second Knesset was fixed at four years, and the law was made applicable, with certain technical exceptions, to subsequent Knesset elections so long as the Knesset did not adopt any other law relating to elections. The electoral system had stabilized.

The election was set for July 30, to allow sufficient time to make the necessary arrangements to hold it. It took another two and a half months to form a new Government. The principal delay in arranging the election was caused by the laborious preparation of new voting lists and polling stations to accommodate thousands of immigrants who had poured into the country since the last election in January 1949.

The Second Knesset convened on August 20, but it was not until October 8, 1951, by a vote of 56 to 40, that Ben Gurion succeeded in forging a new majority coalition capable of winning Knesset approval. Ironically, the third Ben Gurion Government was a duplicate of the previous unstable one except that the Progressives remained outside the coalition until later. As the price of their participation, the religious parties got four ministries instead of three and won concessions again on such matters of religious concern as military service by orthodox women, the ban on non-kosher food imports, and state support of religious schools. Despite its narrow majority the Government remained in office for more than a year mainly because Knesset members on the left frequently voted with the Government on domestic issues, while General Zionists on the right supported it on many foreign policy issues.

The cabinet crisis of December 1952 was created by the withdrawal of the ultra-orthodox Agudat Israel Party from the coalition over the issue of national service by orthodox women. For the first time, Ben Gurion was able to organize a coalition which included

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the General Zionists as well as the Hapoel Hamizrachi (religious labor), Mizrachi (orthodox conservative), and Progressive (liberal) parties. The new Government was confirmed on December 23, 1952, by a vote of 63 to 24; and it commanded a total voting strength of 85 in the Knesset, the broadest support accorded any Government since the Provisional Government of 1948. With minor changes it remained in office until June 29, 1955.

The coalition was threatened seriously in May 1953 by the General Zionists, who resigned over a principle of education. One of the main points in the coalition program was the creation of a unified state system of public schools to replace the so-called "trend" schools run by political parties and municipalities. Both Mapai and the General Zionists approved the termination of the trend schools. However, the General Zionists insisted that no party emblem or flag be displayed in State schools, while the Mapai Central Committee, against the advice of Ben Gurion, voted to permit schools in working-class districts to fly the red flag of labor together with the Israeli flag and to sing the "Internationale" as well as the Israeli national anthem on labor union holidays. After ten days, the Mapai General Council reversed the decision of its Central Committee when it appeared that the Progressive member of the Government might also resign, leaving the Government with only 60 votes in the Knesset, one less than the required majority. The rift was healed, and the General Zionists rejoined the coalition on June 3.

The second half of 1953 was overshadowed by the announced intention of Ben Gurion to withdraw from active politics on the ground of extreme fatigue brought on by the excessive demands of coalition politics. In December he resigned and moved to Sde Boker, a pioneer settlement in the southern desert. The resignation opened new negotiations between the coalition parties, but the new Government under the leadership of Moshe Sharett, approved by the Knesset on January 26, 1954, by a 75 to 23 vote, was almost identical with its predecessor. Apart from Ben Gurion's absence and the assignment of two Mapai ministers without portfolio to active ministries,¹⁶ there was no change in Government personnel.

¹⁶ Pinchas Lavon replaced Ben Gurion as Minister of Defense, and Dov Joseph became head of a new Ministry of Development.

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The Progressives rejoined the coalition only when they received assurances that Mapai and the General Zionists would drop their plan to require a party to obtain a minimum of 10 per cent of the votes in a Knesset election (instead of the current 1 per cent) in order to ensure its representation in the Knesset.

In February 1955, the resignation of the Minister of Defense led to the recall of Ben Gurion to serve in that capacity. The Government continued under the premiership of Sharett until June 29, 1955, only four weeks before the date of the elections to the Third Knesset, scheduled for July 26, 1955. The conflict arose over the Government's attitude in the complex Kastner case dealing with alleged collaboration between a prominent Israeli and Nazis in Hungary during World War II. When a motion of no confidence in the Government was introduced, Sharett informed the General Zionists that if they did not support the Government on the motion, he would be compelled to demand their resignation from the Government. The General Zionists replied that it was legally impossible to compel a Minister to resign, but the Prime Minister's resignation would automatically include the entire Government. When the General Zionists abstained from the vote on the no confidence motion, the Government resigned.

The collapse of the coalition had been foreshadowed by the increasing anxiety and uneasiness of the General Zionists. Their participation in the Government had deprived them of an unfettered opportunity to formulate their own principles and policies for presentation to the electorate in the 1955 Knesset election. While sharing the responsibilities of governing proved to be a sobering experience, it also seemed to many General Zionists to weaken their party in the competition for popular support. Party considerations, which chronically threatened to destroy the unity of the Government, prevented both theoretical and practical acceptance of the principle of collective cabinet responsibility.

Sharett was entrusted by the President with the task of forming a new Government. The new Government was presented immediately to the Knesset and confirmed by a vote of 66 to 32. The four ministerial portfolios vacated by the General Zionists were distributed among the members of the former Government, and no new ministers were appointed. In view of the impending national

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election, the Government was regarded as temporary. However, it was not until three months after the election that a new coalition under Ben Gurion's leadership was formed, this time with the left-wing labor parties, Mapam (Marxist Zionist), Achdut Ha'avoda (immediately left of Mapai and more class-minded), and Hapoel Hamizrachi-Mizrachi, and the Progressives. The confirming vote in the Knesset was 73-22.

The Knesset Elections Law of 1955 governing elections to the Third Knesset merely consisted of amendments to the Second Knesset Elections Law of 1951. Its major electoral change was the requirement that voters and candidates be citizens as well as residents of Israel. Voting in the elections of 1949 and 1951 was based on residence rather than nationality and did not confer or alter the voter's nationality status. The change reflected the enactment on April 1, 1952, of the Nationality Law.

ISRAELI NATIONALITY

On July 5, 1950, the Knesset passed the Law of Return giving every Jew the right to immigrate to Israel and settle there permanently. The only exception is the case of an immigrant who might endanger the health or security of the State. At the same time the Knesset considered a law granting citizenship to every resident of the State, including new immigrants, but action was deferred until the enactment of the Nationality Law, effective July 14, 1952. Until that time, residents of Israel who had been nationals of other countries continued to hold their original nationalities, but residents who had been Palestinian nationals under the Mandate were technically stateless.

Under the law Israeli nationality may be acquired in four ways: by immigration, birth, residence, or naturalization. Nationality by virtue of immigration is granted to Jews who entered as immigrants either before or after statehood, and to persons who entered not as immigrants but later expressed their desire to settle permanently in Israel. Persons born in the country before or after statehood are citizens by birth. A child born while one or both his parents is an Israeli national acquires citizenship from the day of birth. Nationality by residence is granted to persons who were

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not born in the country but were Palestinian nationals, provided they were registered on March 1, 1952, as inhabitants of Israel, resided in Israel on July 14, 1952, and legally have been residing in Israel since statehood.

Nationality by naturalization can be acquired by any person over eighteen years of age who fulfills five conditions. He must live in Israel; have resided there for three of the five years preceding his application; be entitled to settle permanently, or have already settled, or indicated intent to settle in Israel; have some knowledge of the Hebrew language; and have renounced his former nationality or proved that he will cease to be a foreign national when he becomes an Israeli citizen. Certain conditions for naturalization may be waived by the Government for veterans, their relatives, and others. When a person becomes naturalized, his minor children automatically acquire Israeli nationality. Only citizens by naturalization are required to renounce their former nationality. Citizens by birth, residence, or immigration who are also citizens of other countries that permit dual citizenship may maintain their dual nationality.

Israeli nationality may be lost either by renunciation or by cancellation of naturalization. Persons who acquire nationality by birth, immigration, or residence may not be deprived of their citizenship against their will. Naturalization may be cancelled only by court action on application of the Minister of the Interior for falsifying application papers, living abroad for seven or more consecutive years with no substantial connection with the country, or a breach of loyalty to the State.

There were two main lines of opposition to the Nationality Law. The first charged that the law discriminated against Arabs and other non-Jews who would have difficulty proving previous Palestinian nationality, legal residence in the country, or other conditions. However, the great majority of Arab residents subsequently acquired Israeli nationality. The second criticism charged discrimination against non-Jewish immigrants who acquired citizenship by a lengthy naturalization process, while Jewish immigrants under the Law of Return were granted citizenship automatically.

SUMMARY

SUMMARY

By drawing heavily on Zionist practice and Jewish self-governing experience and by planning in advance for quick transition to statehood, Israel gained substantial advantages in establishing the constitutional framework of the new State. In less than a year it made the transition from a provisional government to a democratically elected parliament and executive. Within a very brief period, Israel's governing institutions became firmly grounded in popular acceptance although not in a written, comprehensive constitution. The controversy over the advantages and disadvantages of a written constitution were resolved in favor of gradual constitutional evolution on the basis of accumulated political experience.

The formal structure of the State of Israel has been firm and clear-cut from its inception. A strong parliament is flanked by a weak President exercising only nominal functions and by a powerful executive that has developed a capacity to dominate, within limits, the legislative process. A wholly independent judiciary lacks the power to invalidate legislative acts on constitutional grounds, but it exercises great influence in checking illegal and arbitrary action by administrative authorities. Elections are free, and ballots are cast in secret and counted and reported honestly. Nationality has been carefully defined.

The nation is firmly committed to the philosophy of the welfare state. Although the overwhelming majority of the population is devoted to the principles of freedom of expression and association, constitutional guarantees of individual liberty are lacking. The intensity of political action has been heightened by a multi-party system sustained by a system of proportional representation. And coalition politics dominate cabinets that have not yet developed a meaningful tradition of collective cabinet responsibility.

Chapter 3 Party Politics and the Electoral Process

THE ROLE OF PARTIES IN ISRAEL

The grave austerities of daily living in Israel in 1950 and 1951, after the initial period of transition to statehood had passed, produced a type of wry humor familiar in Yiddish literature. In one of the jokes an Israeli citizen protests: "For two thousand years the Jewish people waited for a state of their own. To *us* it had to happen."¹ The story reflects the extraordinary problems of the new State: insecurity along the Arab frontiers, absorption of tens of thousands of immigrants, and a consequent lowering of the standard of living of old-time residents. But some of the irony of the story can also be traced to the complexities of Israeli politics and especially the proliferation of political parties.

Most of Israel's political parties began in European countries. Some were founded almost fifty years before the State began its sovereign existence and, with certain exceptions, they were the outgrowth of public life in other countries. Therefore, they have experienced difficult periods of adjustment to independent statehood.

The most obvious feature of party politics in Israel is its multi-party character. Several factors account for this. The cultural and linguistic diversity within the international Zionist movement encouraged the creation of parties that interpreted loyalty to party as loyalty to Zionism. Zionists were also divided between varying shades of secularists and orthodox religious Jews. In order to assure that settlement in Palestine would accord with the tenets of Jewish orthodoxy and jurisprudence, religious Jews insisted on their separate organization in the movement. Similarly, the socialist Jews, both the non-doctrinaires emphasizing nationalism and the strict Marxists whose socialism took precedence over Jewish nationalism, established parties to develop their ideological positions and practical programs of Zionist action. Religious and ideological partisanship in the Zionist movement led to and was rein-

¹ The story is recorded in Benno Weiser, "Fall and Rise of a Zionist," *Commentary*, April 1956, p. 313.

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forced by the Zionist electoral system, featuring proportional representation, party lists, and a single national constituency, which prevailed later in Jewish community government in Palestine and in Israel.

The multi-party system has produced intense partisanship sustained by party newspapers, youth movements, and political indoctrination of children. The traditional Zionist electoral system, which was adopted by the new State, has encouraged centralization of party control in the hands of a small number of leaders. By making the selection of candidates for the Knesset dependent on the party machine, it has tended to perpetuate ideological feuding in the legislative process. Because Knesset members have no direct contact with a specific constituency, they represent only their parties. To many of them party activity seems to be more important than legislation.

Jewish parties in Palestine had the characteristics of social movements. They "were first and foremost colonization and pioneering associations."² Unlike American or British parties, they developed extensive economic activities, promoted agricultural settlements, and organized cooperatives, banks, and insurance companies to service their colonies and interests. The parties sought money from abroad in order to finance their economic enterprises. In addition a comprehensive network of theaters, sport clubs, youth movements, housing projects, schools, convalescent homes, and other social welfare institutions were created to cater to the needs and desires of party adherents. Today the Israeli citizen has, to some extent, come to rely on a political party for housing, employment, recreation, and general assistance. The resulting dependence of the voter on his party has tended to reduce the size of the floating vote of political independents and is another factor in strengthening political partisanship and the multi-party system. While the labor parties have gone further than the religious and secular middle-class parties in organizing the daily life of the citizen, all parties have undertaken programs of direct social action.

All parties place great emphasis on formal party membership, which is encouraged by offering to members the advantages and

² Benjamin Akzin, "The Role of Parties in Israeli Democracy," *Journal of Politics*, vol. 17 (November 1955), p. 515.

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conveniences of party-controlled social, economic, and cultural institutions. As a result, the ratio of party members to voters is very high. Between one third and one fourth of all Jewish voters in Knesset elections are estimated to hold formal membership in some Israeli party.³

The pervasive influence of the party system on politics can scarcely be exaggerated. Coalition government, which it inevitably produces, creates difficult burdens of consolidation and cohesion for party leaders. It makes party discipline in parliament a strategic necessity, and confuses responsibility for Government policies. Bargaining over allocation of portfolios among coalition partners accentuates partisan influences in the administration of public programs and lowers performance standards of the civil service. Party activities in areas of social service and economic enterprise blur the distinctions in the popular mind between public and partisan policy.

Despite their long traditions and vested interests, political parties have been deeply affected by the vast immigration in the first decade of statehood. Three fourths of the voters in the 1955 election were probably born outside of Israel, and many had virtually no ideological or Zionist ties to the Jewish State. The election campaigns have been bitterly fought to capture the new immigrant votes. The parties have competed for their allegiance by denouncing each other, by offering direct help in settlement, and by political and religious indoctrination.

It is somewhat hazardous to classify Israeli political parties as moderate, right, or left because political alliances have shifted from time to time since 1948. Nevertheless the political record since that time provides a basis for a reasonable classification of parties according to their political orientation.

The Moderate Center is made up of three parties that control 59 seats in the Third Knesset (49 per cent). The leading party, Mapai, would probably be considered moderately left in western political terminology, but in Israel it occupies a center position. It is a non-doctrinaire socialist labor party, and has 40 seats in the Knesset plus the steady support of five delegates of affiliated Arab parties. Hapoel Hamizrachi, a religious labor party, bears a close

³ This estimate is from *Ibid.*, p. 523.

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affinity to Mapai but is linked for religious purposes to the more conservative Mizrahi Party, which has an identical religious orientation. Together with the Mizrahi Party it is now a part of the National Religious Front to which it contributes 9 out of 11 seats. The third center party is the Progressive Party composed of middle-class professional persons in the main. While it is close to Mapai, it often takes an independent position on controversial issues. It has five seats in the Third Knesset.

The Left is composed of three parties that control 25 seats of the Third Knesset (21 per cent). Achdut Ha'avoda is somewhat to the left of Mapai and is more neutralist and class-minded. It has 10 seats. Mapam, with 9 seats, is a Marxist Zionist group with a rigid socialist ideology that places it very close to the Communist Party. Finally, the Communist Party, which has 6 seats, is anti-Zionist and pro-Soviet.

The Right consists of five parties that have 36 seats in the Third Knesset (30 per cent). Mizrahi is primarily the party of orthodox religious Jews with a conservative urban outlook. It contributes 2 out of 11 seats of the National Religious Front, which joins it to Hapoel Hamizrahi. Two other religious parties are united in the Torah Religious Front: Agudat Israel, an extremely conservative, ultra-religious party; and Poalei Agudat Israel, also an ultra-religious party with some labor orientation. The two Aguda parties have 6 seats. General Zionism is a pro-private enterprise, conservative party with 13 seats in the Third Knesset. Since the 1955 election, in which it lost its position as the second largest party, it has cooperated closely with the Herut Party, to which it has lost political strength. Herut, with 15 seats in the Third Knesset, shares the economic views of General Zionism and is identified particularly by its expansionist, super-nationalist views.

Political parties may also be divided into labor parties, religious parties, and all other parties. Because this classification is better adapted to an account of the historical development of the parties, it is used in the following discussion.

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The most important factor in the politics of Israel is the unusual influence and power of Labor, reinforced by economic activities in

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agricultural settlement and in enterprises operated by the Histadrut, the Labor Federation. Prior to the 1920's, the predominant influence in the Zionist movement was urban and middle-class. It was not until the beginning of large-scale colonization in Palestine after World War I that Labor Zionism transformed its minority status into the most powerful influence in the upbuilding of the land.⁴

At the outset, the labor parties drew their ideological heritage from Central and East European socialism. Their socialism had developed under the Czarist state, which specialized in oppression of nationalities. They embraced the Zionist goal of a Jewish homeland, to be created by a working class through agricultural colonization and economic development. With socialist aims and Zionist aspirations and by building literally from the ground, they sought to create in Palestine a just society. The first achievement was the creation of the *kibbutz*, a cooperative communal settlement working the land and organized on a completely egalitarian and voluntary basis.⁵

Until 1929, Labor Zionism was splintered into factions. It was a microcosm of socialist and revolutionary ideologies. Every shade of political belief was represented: Marxism, social democrats, social revolution, syndicalism, anarchy, and Tolstoyan philosophy. Gradually the requisites of physical survival in Palestine reduced ideological differences to two main trends.

The first trend was inspired by Aaron David Gordon, one of the founders of Degania in the Jordan valley, whose spiritual qualities imbued a pioneer group with a dedication to return to the soil, productive labor, and a society based on work and social justice. Gordon taught a "religion of labor" and a reverence for manual work that deeply influenced the Zionist movement and shaped the formation of Hapoel Hatzair (the Young Worker), a non-Marxist labor group.

⁴ For an interesting account of the ideology and faith of Labor Zionism, see Judd L. Teller, "The Making of the Ideals that Rule Israel," *Commentary*, January 1954 and February 1954, pp. 49-57, 157-162.

⁵ For an account of the merger of socialism and nationalism in modern Zionism, see Arie Tartakower, "The Essence of Labor Zionism," in B. J. Vlavianos and Feliks Gross, eds., *Struggle for Tomorrow* (New York: Arts, Inc., 1954), pp. 53-70.

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The second trend was introduced by orthodox Marxists who believed in class struggle and revolutionary socialism. Their organization, the Poale Zion (Workers of Zion), foresaw the achievement of socialism not by practising a new way of life, as preached by Gordon, but rather by changing the social order according to the Marxist formula. The two trends joined hands in 1920 to found the Histadrut (the Labor Federation), but they carried on their settlement and political activities separately.

In 1929 Hapoel Hatzair and Poale Zion compromised their differences sufficiently to merge into a single party, Mapai (Labor Party of Israel), which eventually became the largest party in the country. At the same time Hashomer Hatzair (Young Guard), a strict socialist youth movement that developed in Poland in the 1920's, had established a number of kibbutzim and preached Marxist doctrine to its members. The incompatibility of orthodox Marxism and practical Zionist action led to a series of splits that eventually produced the two other important labor parties: Achdut Ha'avoda (Labor Unity Party, formerly Poale Zion) and Mapam (United Workers Party).

MAPAI

During the 1920's labor groups were preoccupied with colonization and economic performance in the kibbutzim and the enterprises and cooperatives begun by the Histadrut. With the formation of Mapai by the merger of non-Marxist and orthodox Marxist labor groups, Labor Zionism assumed the character of a mass movement. Mapai has been a central factor in the life of the country since 1931, and its history has been almost synonymous with that of the country itself. By 1933, it had sufficient strength to win control of the Political Department of the Jewish Agency. It provided leadership to the Jewish community during the Arab riots of 1936-1939, managed Zionist international diplomacy from 1939, took the lead in founding the secret militia (Hagana) and the Jewish Brigade of World War II, and it sent emissaries to Europe to organize illegal immigration to Palestine. It has maintained majority control of the Histadrut, which is its major source of strength, and it holds key positions in the national headquarters of the trade

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unions. It provides most of the élite group that runs the bureaucracy, the army, and a major portion of the economy.

Mapai's membership is drawn from all sections of the working community, rural as well as urban. Since the early 1940's it has maintained its ability to win about 35 per cent of the total vote in national elections. As the largest single party in Israel, it is more or less certain of being entrusted with the task of forming a government coalition. Mapai leaders became the core of the Jewish Agency under the Mandate and moved easily into the key positions in the Provisional Government in 1948 and in the First, Second, and Third Knessets. Government policy on important issues has been formulated mainly in Mapai political circles. Since the founding of the State, it has provided the Prime Minister and the heads of such key ministries as Defense, Finance, and Foreign Affairs. The political leader of Mapai, therefore, is virtually Prime Minister as long as he is willing or able to serve. Mapai's unbroken leadership in the Government has made it increasingly conscious of its responsibilities. The sobering experience of governing has tended to move it somewhat toward the right in its political program.

Because of its strength in the Jewish Agency and the National Council (Vaad Leumi), Mapai had more experience in government and administration than other parties. Through the Histadrut it has maintained control of the labor exchanges, which exert substantial control in the distribution of employment. Carrying major responsibility for governmental decisions and programs, Mapai has accepted the demand for increased cooperation among economic groups and has tried to steer a middle course between labor groups to its left and conservative groups to the right. By winning the support of conservatives for a western-oriented foreign policy and that of leftist parties for domestic policy, and by obtaining active cooperation from the leading religious party, Hapoel Hamizrachi, in return for concessions on matters of religion, it has provided a moderating stability in Israeli political affairs. As the nation's leading party, it has been forced to modify its parochialism and to develop a more national point of view. But as its socialist program has been whittled down, it has lost the support of certain groups

who charge Mapai with a willingness to compromise the position of Labor in order to remain in office.

Mapai was in a good position to face the changes brought by mass immigration. It was better organized than many other parties to absorb immigrants, and it had the tradition of the party that led Zionism to statehood. Immigrants who could not distinguish one party platform from another nevertheless could recognize the dramatic figure of Ben Gurion, Prime Minister and leader of the party that "won independence." In addition to daily and weekly newspapers in Hebrew, it publishes papers and weeklies in Romanian, Bulgarian, Hungarian, Arabic, Ladino, French, and Persian. It provides the most extensive services to voters and citizens. One close observer of Israel's politics has remarked:

It was once pointed out that a member of the Histadrut could spend his whole life within the framework of the organization. He wakes up in a house built by a Histadrut society, goes to work in a bus operated by a cooperative, spends his day in a factory owned by the Histadrut, sends his children to what used to be labour movement schools, goes to Kupat Holim [the Histadrut health service] for medical treatment, spends his vacation at a Histadrut rest home, and finds entertainment in workers' clubs and theatres. It needs no big stretch of the imagination to say the same of the Mapai member who can, if he wishes, move exclusively within this huge, largely self-contained organization.⁶

Despite its powerful position, Mapai suffered losses in the election in July 1955. Its vote dropped from approximately 37 to 32 per cent of the popular vote. The loss of voting strength has led to revision of the party structure. Until 1955 its party machinery was highly centralized and resembled very closely the structure of the Jewish community government and the Jewish Agency of the Mandatory period. The party convention elected a Council of party leaders and representatives of local branches in the country to serve as the supreme body. Between sessions of the Council, party rule was vested in the Central Committee of 120 members, which in turn delegated authority to a small National Executive and

⁶ Gerda Luft, "The Party that Shapes Policy," *The Jerusalem Post*, July 11, 1955.

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Secretariat. On the recommendation of the Executive, the Central Committee selected and ranked candidates on the party list for election to the Knesset, and approved the platform and distribution of portfolios in a Government in which Mapai was associated. Since the Council rarely met and no convention was called between 1949 and 1956, party control became highly centralized and undemocratic. So long as Mapai remained the leading partner in the Government coalition, the Executive and Council were dominated by party leaders in the Government and the Knesset.

In order to broaden its membership and increase active participation in party affairs, Mapai announced in 1956 that in future Knesset elections its geographical districts, comprising 200 local branches, will choose two thirds of the candidates, and the Central Committee will select only one third. At the eighth party convention held at the end of August 1956, the party adopted a new constitution calling for annual party conventions. Delegates are to be elected by direct vote of party members organized in geographical districts and local branches and will serve two years. The convention in turn elects a Central Committee of 196 members which acts as the party's highest authority between conventions. Two thirds of its members are elected by the convention on nomination by district organizations and one third are elected by the convention on nomination by the party's steering committee which organizes the convention. The Central Committee meets monthly and appoints the 25-35 member Secretariat for a two-year term. The Secretariat meets at least fortnightly and manages the party headquarters. A 17-man inner secretariat is charged with the routine work of the party.

The reorganization is modelled on the structure of the British Labor Party and is designed to ensure a stronger link between the national party leadership and party members all over the country. The party hopes that a measure of decentralization of authority to local party branches will encourage more active participation in directing party affairs and give younger members of the party a chance to influence party policy and compete for seats in the Knesset. In addition it regards decentralization as a major step in the transition toward a constituency system for Knesset elections, in which delegates will be elected from limited geographical con-

stituencies. Since Mapai's voting strength is more evenly distributed throughout the country than that of most other parties, it would probably gain by a change to such a system. Mapai has also favored a reduction in the number of small parties, but its dependence on the support of key small parties, such as the Progressives, has forced it to defer proposals to abandon proportional representation for Knesset elections.

In 1956 a study of Mapai leadership by the Israel Institute of Social Research showed that party leaders were predominantly older men. More than half of those in leadership positions (totalling 390) were past middle age. Nearly three out of four had come from Russia or Poland as early as 1900-1910 and usually as part of a youth movement. More than four fifths had been in Israel over fifteen years. While party membership grew fourfold between 1948 and 1956, there were far fewer new immigrants in positions of party leadership than in the proportion of new immigrants to the general population. Only 13 per cent of the veteran leaders were university graduates, although a third had attended a university. Only half of them had been to secondary school. The most popular languages they speak—other than Hebrew—are Yiddish, Russian, and German, in that order. Twelve per cent of the party leaders have held ten or more party or governmental positions, and the junior leadership had been effectively blocked out of important decision-making positions.

As part of Mapai's program to rejuvenate the party in 1956, Ben Gurion issued a lengthy revaluation of party policy.⁷ Like many of his policy statements and political speeches, it retraces the religious and ideological foundations of political Zionism and exhorts the party members to "complete and unreserved loyalty to the needs, values, and ideals of the nation, the State, and the working class." Only unremitting loyalty will give the party "the capacity and prestige to guide and lead the Israel workers, the State, and the nation." Ben Gurion wrote that Mapai must maintain its belief in "the *unifying* mission of the working class in Israel, as the historic standard bearer of the revolutionary transformation which is taking

⁷ An English translation of Ben Gurion's statement appears in *The Jerusalem Post*, June 8, 1956, under the title: "Signposts: A Re-Evaluation of Policy."

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place in the Jewish people as it centers into its Homeland." It must work toward political consolidation of intellectuals and workers.

ACHDUT HA'AVODA

The uneasy merger of Hapoel Hatzair and the Poale Zion groups in Mapai never succeeded in overcoming doctrinal differences. In August 1944, on the eve of community and Histadrut elections the Poale Zion group, now named Achdut Ha'avoda, formally separated from Mapai. And in 1948, it joined with Hashomer Hatzair to form the Mapam Party. Within Mapam, it became a right wing element in a Marxist socialist party. While Hashomer Hatzair resolved all questions of foreign policy in terms of a pro-Soviet orientation, the Achdut Ha'avoda faction placed its emphasis on Zionism and Israel. With a 60 per cent control of the governing bodies of the party, Hashomer Hatzair was able to outvote Achdut Ha'avoda consistently. Finally in 1954, Achdut Ha'avoda gave up its long struggle to maintain its independence as a dissident minority first within Mapai and later in Mapam. It split from Mapam and organized its own independent party. The final split was hastened largely as a result of the anti-Semitic Slansky trial in Prague in 1951 and the trial of Jewish doctors in Moscow in 1952. Achdut Ha'avoda refused to join Hashomer Hatzair in accepting Soviet explanations of Communist anti-Semitism.

The future of Achdut Ha'avoda is somewhat uncertain. Much of its popularity is derived from distinguished contributions made by many of its leaders to the success of the Arab-Israel war. Within the Labor segment of Israel politics, it occupies a position between Mapai and Mapam, and the party has had considerable difficulty devising a distinctive program. Since 1954, as the second largest party in the councils of Histadrut, Achdut Ha'avoda has followed a trade union program and an orientation toward foreign affairs which is perceptibly left of Mapai; but its stand in Knesset debate on substantive issues has been closer to Mapai than to Mapam. It appears to appeal to the younger and more hopeful section of the public, and is often described as the party of activists, optimists, and perfectionists. The party leaders are frequently in the position of rejecting any proposal that stops short of an ideal solution.

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In the 1955 Knesset election it campaigned on a platform of increased freedom of municipalities from the control of the Ministry of the Interior, complete elimination of discrimination against Arabs in Israel, neutralism in the East-West conflict, and militant defense of the security of the State against Arab aggression. It won 8 per cent of the popular vote and 10 seats in the Knesset. Its structure resembles that of other parties. A National Council of 131 members meets periodically to establish basic policy. Between sessions, party affairs are directed by a Political Committee of 57 members, which in turn delegates responsibility for day-to-day affairs to a Central Committee of 7. It publishes a daily newspaper, weeklies in Yiddish and Bulgarian, and a fortnightly in Arabic, conducts extensive educational activities for youths and adults, and participates in the management and direction of the Histadrut.

MAPAM

Created in January 1948 by a merger of Hashomer Hatzair and Achdut Ha'avoda, Mapam has remained an anti-religious party of revolutionary socialism. It has moved steadily towards Communism and believes that Soviet policy is sound everywhere in the world except Israel. Its majority faction, Hashomer Hatzair, refrained from organizing a political party until statehood was imminent, although it conducted activities that had been associated usually with political parties. During the 1920's and 1930's, Hashomer Hatzair concentrated on kibbutz settlement, where its principal strength still lies, and was responsible for some of the most daring and successful settlement projects. Prior to 1948, it opposed Jewish statehood and favored a bi-national state that included the Arab population of Palestine. Its orientation was pro-Soviet, Marxist, and anti-western.

Today the party clings stubbornly to the Marxism and Leninism of the 1920's that attracted its members as young pioneers in the kibbutz movement. Its leaders are largely ignorant of non-Marxist western thought and have never reexamined their basic assumptions. Its remarkable agricultural achievements are coupled with an intellectual adolescence that deprives it of independence of thought. Hashomer Hatzair has retained its belief in the inevitability of class struggle in a capitalist system and the necessity to

eliminate private enterprise and foreign capital to safeguard social justice. Its program and leadership, which have been almost unchanged since the 1920's, retain their pioneer (*chalutz*) appeal and continue to reflect a rural and collectivist approach to domestic issues. Mapam has been unshaken in its traditional theory that rural workers in the *kibbutzim* will lead the urban proletariat to a classless society. Along with most other parties, Mapam declares its readiness to make peace with the Arab states, but at the same time favors a strong security policy.

Mapam did not adapt itself readily to the new immigration, which was primarily urban and unfamiliar with the concepts and role of revolutionary socialism and generally devoid of understanding of traditional Zionist ideologies. As a result, Mapam's voting strength dropped from 14.7 per cent in 1949, when it was the second largest party in the Knesset, to 12.5 per cent in 1951. During the life of the Second Knesset (1951-1955) three separate splits cut its voting strength in half and reduced it from the third to the sixth ranking party in the Knesset. Two of its delegates formed a splinter group that soon joined the Communist Party, two joined Mapai, and four left in 1954 when *Achdut Ha'avoda* seceded from Mapam. The transfer of six delegates to parties to its right seemed to reflect disenchantment with the pro-Soviet orientation of Mapam. In 1954, it reverted to its pre-1948 position as the political party of *Hashomer Hatzair*. In the election to the Third Knesset in 1955, Mapam polled about 7 per cent of the total vote, while *Achdut Ha'avoda* polled 8 per cent. Their combined vote and representation in the Knesset was identical with Mapam's vote in 1949.

Mapam's position has been paradoxical and even infantile. It demands unlimited immigration, but it is opposed to friendship with the western powers and dependence on aid from abroad even though these are prerequisites to mass immigration. It strives for higher living standards for all workers without discrimination, but it fails to comprehend the elementary requisites of economic development and rejects foreign capital investment. It opposed the Reparations scheme, under which West Germany makes partial restitution in goods and services for Jewish losses under Nazism and which has helped considerably to keep Israel afloat economically in the 1950's. While it has opposed closer ties with England and

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the United States, it has not been able to offer a practical formula for improving Israel-Soviet relations.

The Slansky trial and the conspiracy against Jewish doctors in Moscow exposed the inherent weakness in Mapam's ideology—the irreconcilable contradiction between Zionism and Marxism. After the 1955 election, some prominent figures in the party resigned, and the rank and file showed signs of disaffection. The powerful anti-Israel position taken by the Soviet Union in the Middle East crisis of 1956 weakened still more a disunited party and threatened its very foundations.

Mapam is predominantly a kibbutz party. Through its daily newspaper, literary periodicals, and various front organizations, it reaches many of the intelligentsia of the younger generation. But since the party upheavals of 1952-1954, its appeal to urban workers has declined. It has only a negligible following among the Arab population.

THE ISRAEL COMMUNIST PARTY

The Communist Party was founded in Palestine in the early 1920's primarily as an instrument to encourage Arab resistance to British "imperialism" and Zionism.⁸ Jewish Communists "fought for the liberation of colonial peoples" and advocated the abandonment of Jewish aspirations for national independence in favor of an Arab state. During the period of Arab rioting of 1936-1939, they cooperated fully with the ex-Mufti of Jerusalem and other reactionary Arab leaders. Only during the period from the UN Partition Resolution in November 1947 to the beginning of the First Knesset in 1949 did the party work toward the Zionist goal of national sovereignty. Its stand at that time is explained by Soviet support for the Partition Resolution and immediate Soviet *de jure* recognition of Israel in May 1948.

Statehood created enormous difficulties for the Communist Party; it was now an anti-Zionist party in a Zionist state. It subordinated all national questions to class issues and the advocacy of aggressive class struggle. Its orientation has been unflinchingly pro-Soviet,

⁸ For an excellent brief history of the Communist Party of Israel, see Walter Z. Laqueur, *Communism and Nationalism in the Middle East* (New York: Frederick A. Praeger, 1956), pp. 73-119, 300-302.

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even when Soviet policy has been outright anti-Jewish. In 1948 it consented to mass immigration in Israel but only on the assumption that Jews would come only from non-Communist countries. "Certainly they would not want to leave Russia."

Apart from their anti-nationalist approach, Communists suffer from other disabilities. They lack the common historical background shared by the other parties and have continued to oppose basic Zionist beliefs. They have been isolated from the majority of working people in Israel just as they have been cut off from the nation at large. They were excluded from membership in the Histadrut until 1944-1945. Unlike other labor parties, they never established collective settlements and rejected the theory of Hashomer Hatzair and Mapam that the rural villages and collectives would lead the exploited urban workers to a classless society of socialism.

In foreign policy the Communists follow the Soviet line slavishly. Zionism is nothing less than a tool of imperialism and reactionary capitalism. Before the sale of arms from Soviet bloc countries to Egypt and Syria in 1955, the Communists advocated a solution to the Middle Eastern problem by direct negotiation between Israel and the Arab states without any intervention by the great powers. Following the Russian penetration of the Eastern Mediterranean, however, their line shifted to favor Soviet intervention with substantial concessions to the Arabs. In domestic policy, their program was readily predictable: opposition to any form of reliance upon reactionary capitalism, including American grants-in-aid and technical assistance, German Reparations, and gifts and donations from Jews throughout the world; nationalization of all enterprises, beginning with those that were built by foreign investors; and higher wages.

Since Zionism was the alleged tool and the Arab population the victims of capitalist imperialism, the Communist Party has exploited Arab grievances and has become the champion of the rights of the Arab minority in Israel. Its stronghold in Israel has been the Arab city of Nazareth, whose residents have been influenced by the Communists' demand for abolition of military rule in Arab districts near the borders and for restoration of land to former Arab owners. It is not surprising, therefore, that about a third of the party members are Arabs, many of whom drift in and out of the

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party at a high rate of turnover. And nearly half of the voters of the Communist Party come from Arab-populated areas.

As a party that struggled against statehood for nearly thirty years and cooperated with Arab political leaders and landowners for fifteen of those years, the Communist Party has remained small and uninfluential. It has more members among new immigrants than any other section of the population, and it has appealed more to lower-middle-class elements than it has to workers. In 1949 the party won about 3.5 per cent of the popular vote and 4 seats in the First Knesset. They increased their vote slightly in the 1951 election to 4 per cent and 5 seats. During the term of the Second Knesset, they added two members to their Knesset delegation by defection from Mapam, making a total of 7 seats in 1955. In the election in 1955, they captured 4.5 per cent of the total vote and 6 seats.

The party has always suffered from a lack of intellectual distinction and its publications have ranked far below those of the left labor parties. In 1954, however, it acquired a new leader, Dr. Moshe Sneh, who had left Mapam after the Prague trials and come into the Communist fold after experimenting with his own left splinter group. Sneh had been a leader of Polish Zionism before coming to Palestine in 1940. He quickly became a representative of the General Zionists in the Jewish Agency and a leading organizer of the Hagana. He joined Mapam upon its founding in 1948. A split with Mapam in 1952 and union with the Communists in 1954 completed Sneh's transition to totalitarianism. As an experienced parliamentary speaker and tactician, he strengthened the party considerably, although he brought relatively few followers out of Mapam into the Communist fold.

THE RELIGIOUS PARTIES

Just as the labor parties have developed distinctive platforms founded on ideological commitments, so the four religious parties have created distinctive ideological positions. They vigorously denounce the "secular materialism" of other parties, especially the doctrinaire anti-religious parties of the left. The two parent parties are the conservative Mizrachi Party and the ultra-orthodox Agudat Israel Party. Both have socialist wings, Hapoel Hamizrachi and

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Poalei Agudat Israel. Their strength has been augmented by immigrants from Oriental and North African countries, almost all of whom come from communities with strong patriarchal, orthodox traditions. Their combined vote rose from approximately 12 per cent in 1949 and 1951 to 13.8 per cent in 1955, while their representation in the Knesset has varied from 16 (1949) to 15 (1951) and up to 17 (1955).

THE MIZRACHI PARTY

Mizrachi as the Religious Zionist Organization became a separate Zionist faction in 1902 and organized as a political party in 1918. Its members are primarily urban, middle-class, orthodox Jews who follow a conservative, right-of-center program and oppose the dominant position of the Histadrut in the affairs of the country. They have no clear-cut social program and are relatively unconcerned with matters relating to economic development, industrialization, and agricultural expansion. Their ideas are based on their interpretation of the teachings of orthodox Judaism. They have been willing to support the moderate economic policies of Mapai in return for concessions on matters of religious importance, such as a liberal interpretation of the requirement of national service for orthodox women and state support of religious schools; and they have joined every coalition government since 1948. Despite its vehement attachment to orthodox Judaism, the party has not been unwilling to adjust itself to the pluralism of Israeli society and to make the political compromises that are the basis for its continued participation in the Government.

The principal activities of Mizrachi have always been in the field of religious education, from kindergarten to college. It has provided rabbis and other religious functionaries and has helped to build synagogues. It has extensive publishing activities and maintains close ties with religious Jewry throughout the world.

In 1949, Mizrachi joined the United Religious Front, in which it won four seats. Its strength declined to two seats and 1.5 per cent of the total vote in 1951. It joined with its labor offspring, Hapoel Hamizrachi, in presenting one list in the 1955 election, and maintained its relative position. As a separate party, it is the weakest of the four religious parties largely because it has left to the others

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the task of settling and absorbing orthodox immigrants. It has been content to rely on religious indoctrination through its schools for recruitment of new members.

HAPOEL HAMIZRACHI

Hapoel Hamizrachi, the socialist wing of the Mizrachi Party, was founded in Jerusalem in 1922 as the Mizrachi Labor Federation by orthodox, working class Jews who sought a formula for combining socialism and religious orthodoxy. It has become the most popular religious party. Although it has remained tied to Mizrachi for religious and educational purposes, it has developed a secular program of agricultural settlement and trade union activities along non-doctrinaire socialist lines. Although it was opposed to a secular Histadrut and formed instead a separate labor federation within Histadrut, it has cooperated closely with Mapai. Its members are drawn mainly from the urban working class and from collective and cooperative rural settlements.

The position of the party has improved in recent years because of its success in absorbing Oriental and North African immigrants in its rural settlements. It has insisted upon classifying immigrants in terms of their religious preferences instead of supporting a comprehensive program of immigrant absorption regardless of religious affiliation. This partisan immigrant policy bolstered by a vigorous youth movement and a network of financial institutions has been the key to its expansion. In 1949, it won six seats in the Knesset, and in 1951, it increased its representation to eight. In the 1955 election, it merged with Mizrachi to submit a single party list, which polled about 9 per cent of the vote and won eleven seats in the Knesset. In 1956 the two parties merged formally into a single party known as the National Religious Front, but the religious socialists still maintain their own organization for trade union purposes.

AGUDAT ISRAEL

More conservative, militantly orthodox, and aggressive than Mizrachi in its opposition to secularism, Agudat Israel is based solely on the sovereignty of the Torah (the Pentateuch, or first five books of the Old Testament) as the all-embracing law of the land. The party was founded in Katowice, then belonging to Germany, in 1913.

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Its objective was the promotion of Jewish interests on a religious basis to the exclusion of political tendencies. It hoped to counteract the drift of Jews away from the ghettos of Eastern Europe and the old-fashioned yeshivot, or theological seminaries, in search of secular knowledge. Frankfort, Vienna, and Warsaw became the great European centers of Aguda.

The outbreak of World War I postponed real organizational development until 1923, when the first congress of Agudat Israel was held in Vienna. Like those that followed it, the first congress was dominated by the great orthodox rabbinical figures of the day. While the various segments of the party agreed that all problems affecting Jews must be solved in the light of the teachings of the Torah, there was little agreement as to whether the party should take an active part in rebuilding Jewish Palestine. After much soul-searching, it was decided to colonize the Holy Land in the spirit of the Torah. But this spirit was sharply different from that of the Zionist parties, who strove to create Jewish nationhood in the image of western democratic countries. Agudat Israel resolved, in the 1920's, to struggle against secular assimilation to Zionism.

The party's approach to national reconstruction was devoid of any pioneering core. Instead of founding new colonies, working land, and developing towns, it concentrated wholly on the building of yeshivot. It remained aloof from Jewish self-government under the Mandate; did not join the Elected Assembly; refused to participate in schools built by the Zionists; and opposed the Jewish National Fund because it was an instrument of the Zionist Organization.

Since 1948, Agudat Israel has kept its cultural independence through its own schools. It has built almost no agricultural settlements. About half of its membership comes from Oriental and North African orthodox communities. Nevertheless, statehood altered the position of the party, for it could no longer refuse to participate in political life if it wanted to maintain its position in the Jewish community.

In the debate over the draft constitution in 1949-50, the representatives of Agudat Israel opposed a written constitution. For if God was sovereign of the Jewish people and the Torah was its law, it was wrong to set up the law of the Knesset or any fundamental

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law in place of God's divine law. The party has fought bitterly the sale of pork, the raising of pigs, and the conscription of women, and has demanded greater freedom for religious education supported by public funds and a law to prohibit all non-religious activity on the Sabbath, including the operation of transport facilities.

Agudat Israel has been saved from near extinction by the mass immigration of orthodox Jews from Asia and North Africa. With the support of fundamentalists among the immigrants, the party has just managed to maintain its strength in the country. It kept three seats in the Knesset in the three elections from 1949 to 1955, when it polled about two per cent of the popular vote. Its members resist cultural and economic absorption and maintain a way of life that adds little to the efforts to assimilate new immigrants and strengthen the security of the State.

POALEI AGUDAT ISRAEL

Poalei Agudat Israel, the labor wing of Agudat Israel, was founded in Poland in 1922 through the initiative of the parent body. Its objective was to counteract the growth of anti-religious sentiment among workers and defend the place of orthodox Jews in industry. The religious base of the two parties was identical, but the labor wing put more stress on human relations and less on the relations of man to God. While Agudat Israel rejected the Zionist concept of self-help in Palestine, orthodox workers believed that the Messiah would come only if Jews merited redemption in the Holy Land. Therefore they hoped to merit living in God's land by settling on the land. Their first rural settlement was founded in 1934 on land purchased by the Jewish National Fund. The event created bitter conflict with Agudat Israel, which opposed the Jewish National Fund. The issue was eventually resolved, and Poalei Agudat Israel in 1955 controlled about fifteen rural villages and operated an agricultural school. Gradually the settlement work brought it into closer touch with the Jewish Agency and the Histadrut. It does not belong to the Histadrut, but it participates in some trade union activities. Public opinion toward the party has been sympathetic because of its contributions in the fight for statehood. It helped to organize illegal immigration, sent workers to refugee camps in Europe, and fought in the Hagana ranks.

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While Mizrachi and Hapoel Hamizrachi have come closer together in recent years, Poalei Agudat Israel has become more independent of Agudat Israel. In 1946, its organization became independent; it publishes its own newspaper, conducts its own youth movement, and works among immigrants in their transit camps. Yet most of the children of members of Poalei Agudat Israel attend the schools of Agudat Israel, where they are indoctrinated with the latter's special view of the relation of man to the Divine. In discussing the differences between the two, one Israeli political analyst wrote:

... there is an obvious clash between the parent organization and the labour wing. While the latter stresses the need for more agricultural settlement, the former clings to the ideal of the *Yeshiva Bocher*, the man who devotes all his life to religious study. While the parent body does not tire of pointing out that everything that has happened here lately—the victorious war, the establishment of the State and mass immigration, were miracles which prove the might of the Almighty, Poalei Agudat Israel points to the necessity of realizing God's intention by human exertion and thus explains its participation in the activities of such non-observant organizations as the Jewish Agency and the Histadrut.⁹

Together, the two parties of Aguda are about equal in voting strength to the Communists or to the Progressives (a liberal group). They combined their lists for the 1955 election and captured six seats, a gain of one since 1951 and the same number as in 1949. In the future, it seems likely that the labor wing will gain at the expense of the parent body. In 1956 the two parties united under the name of the Torah Religious Front.

A UNITED RELIGIOUS PARTY?

In 1949, the four religious parties formed a temporary coalition in the election to the First Knesset. In the 1951 elections, the four parties submitted separate lists with a net loss of only one seat. In

⁹ Gerda Luft, "Poalei Agudat Israel, Manual Labor for Divine Goal," *The Jerusalem Post*, April 15, 1955. See also, Isaac Lewin, "Agudism," in B. J. Vlavianos and Feliks Gross, *op. cit.*, pp. 199-206.

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1955 they formed two separate religious groups: the "national religious front," incorporating Hapoel Hamizrachi and Mizrachi and the "religious biblical front," comprising Agudat Israel and Poalei Agudat Israel. Both sides made efforts to amalgamate, but cleavages on the candidates' order of priority on a unified party list, as well as differences on matters of principle, kept them apart. The so-called Lamifneh faction of Hapoel Hamizrachi opposed amalgamation with the Aguda parties on the ground that the latter are reactionary and oppose the national and social aspirations of the State. Agudat Israel, in turn, must consider the probable effect of a merger upon the Natorei Karta, a fanatic fundamentalist group that denies citizenship, takes the law into its own hands, and disrupts the civil life of the community in defense of its fanatic religious views. Aguda may fear that merger with the Mizrachi parties to its left would bring down the wrath of Natorei Karta on its right, which might then make substantial inroads on its voting strength.

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GENERAL ZIONISM

From the beginning, the Zionist movement attracted many Jews who were opposed to religious or socialist links and to "hyphenated Zionism." The name "General Zionism" was adopted about 1907 to stress the unity of the movement and to overcome partisanship. As a party of integration, it made little effort to articulate an ideology or program; instead the leaders of the General Zionists stressed fund-raising activities and diplomatic negotiations to the neglect of settlement work in Palestine. On the other hand, they were interested in industrial development and helped to promote capital investment and the introduction of new industries in Palestine.

General Zionism in Palestine was weak in the 1920's. When it began to move toward a more comprehensive program in the 1930's, one important group, the Revisionists (a rightist group), had already split off. In 1946, two wings of the General Zionists merged to form a United General Zionist Party. General Zionists A were slightly left of center, oriented toward the Histadrut. General

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Zionists B were right of center and included industrialists, merchants, citrus growers, and landlords. Real cohesion between the two groups was never achieved, and in August 1948, the A group left to form the Progressive Party, leaving General Zionists B to become the General Zionist Party.

With statehood, the party emerged as champion of private enterprise in an economy dominated by Histadrut and its business enterprises. It bids for the support of people not already committed to a religious or socialist party, and is supported by the Manufacturers' Association, the Farmers' Union (especially the citrus growers), wholesalers and retailers, and many professional persons. It considers itself a moderate center party, but in the Israeli political spectrum, it is conservative. In 1949, it polled only 5 per cent of the vote and won 7 seats in the Knesset. However, from 1949 to 1951, it grew tremendously and became the second largest party in the Knesset with 20 seats, later augmented to 23 by the affiliation of 3 minor party delegates. For two and a half years (1952-1955), it was a member of the Government but found that the sharing of responsibility for governing deprived it of opportunity to develop its own program. Upon leaving the Government in June 1955, it renewed its partisan attacks on the Government and other parties. However, in the 1955 election it lost strength, mainly to the Herut (Freedom) Party to its right. Its parliamentary delegation dropped from 23 to 13, and its share of the popular vote declined from 16 per cent to 10 per cent.

The General Zionist Party has had very little time to construct a program and a consistent point of view. As a party of private enterprise, it has had to face strong competition from the public sector of the economy. Its main strength and appeal has been its opposition to government economic controls and its effort to curb the power of the Histadrut enterprises and activities. Its domestic program has emphasized maximum freedom from governmental restrictions that allegedly hamper free enterprise; nationalization of the basic industries and services now financed and managed by the Histadrut; and a unified educational system devoid of partisan indoctrination. It has called for the conversion of the health services (Kupat Cholim) of the Histadrut into a national health service, nationalization of labor exchanges, joint immigration of capital,

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talent, and people in order to raise the productivity of industry and agriculture, and greater differentials between unskilled, skilled, and professional workers as an incentive to higher production. Until 1955, its foreign policy resembled that of Mapai. Since then it has become more nationalistic and follows the lead of the Herut Party to a considerable extent.

The party has tried to broaden its appeal by organizing a special wing within Histadrut and its own women's organization. It publishes a Hebrew daily, a German language weekly, and materials in other languages. Its striking losses in the 1955 election have encouraged General Zionists to explore the possibilities of a merger with the Herut Party. In the debate over withdrawal of Israeli forces from the Sinai Desert early in 1957, the General Zionists collaborated closely with Herut. A merger of the two would give a united party 28 seats in the Knesset, compared to 45 seats controlled by Mapai.

PROGRESSIVE PARTY

In a country dominated by aggressive labor parties, the term "progressive" has a somewhat antiquarian connotation. The Progressive Party is Israel's closest replica of the British Liberal Party. Like liberal parties elsewhere in mid-twentieth century, it is a small party with considerable moral influence. Israel's liberals are moderate, professional and middle-class people emphasizing a national, independent, nonparty point of view. Most of its members, who came from central European countries after 1933, tended to be uncomfortable in the older parties under Eastern European leadership. During the 1930's and 1940's, they opposed terrorism and fought for a moderate political approach to Zionist problems.

The formation of the party in 1948 marked the entry of a party of moderate professionals, oriented toward Mapai in domestic policy. The party strives for a national educational system, an independent civil service, an independent judiciary, guarantees of personal liberty, transfer of control over bus transportation, health services, and labor exchanges from the Histadrut to the State, encouragement of private investment, and more liberal treatment of Arabs. They have been part of all Government coalitions from 1948 to 1957 except for a brief period of about one year.

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As a middle-class party immediately to the right of Mapai, the Progressives have not proved attractive to young voters. What they may possess in wisdom and experience seems overshadowed by the absence of doctrine and simple answers to difficult questions. Efforts have been made to achieve union with the General Zionists, but the Progressives have clung to their independent existence. They have opposed proposals to alter proportional representation or to install a constituency system, since such electoral reforms would seriously endanger their continued independent existence.

The Progressive Party won 5 seats and 4 per cent of the popular vote in 1949. In the 1951 election it won only 4 seats and little more than 3 per cent of the vote. In 1955 it seemed to gain from the General Zionists, its popular vote rising to 4.4 per cent entitling them to 5 seats.

HERUT PARTY

As the extreme right wing in Israeli politics, Herut stems from the activities of an aggressive dissident group within the Zionist Organization in the 1920's and the terrorism of two groups formed in the 1930's, the Irgun Zvai Leumi (National Military Organization) and the Stern group. Because of dissatisfaction with the restrained policies of the Zionist Organization under Weizmann's leadership, a Zionist group under the volcanic leadership of Vladimir Jabotinsky created the Zionist Revisionist Party in 1925. It was so named to emphasize its demand for a basic redefinition of Zionist aims, attitudes toward the Mandatory power, and the pace of Zionist colonization in Palestine. Jabotinsky's basic premise was that Zionism had to be a political movement, not a society for colonizing the Jewish homeland. He argued: Build acres, build houses, but never forget policy; Zionism may consist of 90 per cent tangible colonizing development and only 10 per cent of politics—but that 10 per cent is the preliminary condition of survival and the ultimate guarantee of survival.¹⁰

Revisionism called for a large Jewish State in Palestine embracing both sides of the Jordan River. In order to speed the creation of a Jewish majority, it appealed for mass immigration, especially mid-

¹⁰ For a valuable account of Revisionism, see Joseph B. Schectman, "Revisionism," in Vlavianos and Gross, *op. cit.*, pp. 86-99.

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dle-class Jews with skills and capital. The Revisionists encouraged private initiative in economic development as the most practical way to create additional opportunities for absorption of immigrants. They advocated truck farming, intensive cultivation of the soil, and rapid industrialization. They envisioned a highly-disciplined society in which class struggle and strikes would be replaced by compulsory arbitration.

In 1935 Jabotinsky, one of the most colorful and dynamic Zionist leaders, led the Revisionists out of the Zionist Organization and formed the New Zionist Organization, whose main strength came from desperate middle-class Jews of Central and Eastern Europe. During the Arab riots of 1936-1939, the Revisionist Party challenged the official Zionist policy of *Havлага* (restraint), and by World War II, two terrorist groups had developed: the Irgun *Zvai Leumi* and the Stern group. Jabotinsky died in 1940, and at the outbreak of World War II the Revisionists shelved all Zionist questions until the Nazi enemy was annihilated. After the War they renounced terrorism and returned to the Zionist Organization, but the Irgun refused. Finally, in 1948, the Irgun split from the Revisionists and formed the Herut Party with a program almost identical to that worked out by the Revisionists under the leadership of Jabotinsky.

Herut is a mixture of former underground extremist fighters, supporters of the old Revisionist movement, and new immigrant voters from underprivileged groups. Its position is strident but clear. It is both anti-Soviet and anti-British. It is basically anti-government as well as anti-labor and disclaims any economic role for the State. It attacks the Histadrut and would abolish the strike as a weapon of labor. Like the General Zionists, it demands unfettered free enterprise, elimination of Histadrut monopolies, uniform national education, and State labor exchanges. By and large it favors a written constitution, abolition of censorship, and an impartial civil service. It is actively expansionist in its foreign policy and was identified for a time with a policy of preventive war against the Arabs as the best assurance of Israel's survival.

In the 1949 election Herut emerged as the third largest party with 14 seats and 11.5 per cent of the popular vote. General Zionist growth in 1951 was made largely at the expense of Herut, which dropped to 8 seats with 6.7 per cent of the vote. Exactly the opposite

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happened in 1955, when the two parties reverted to their earlier positions. Herut increased its parliamentary delegation to 15 on the basis of 12.6 per cent of the total vote. Herut's gains came mainly from youth and newcomers not yet absorbed in Israeli society, especially those living in Tel Aviv-Jaffa and Jerusalem. As the major opposition party, it has learned to exploit the dissatisfaction of many middle-class and lower middle-class groups stemming from high taxes and comparatively low levels of investment and productivity.

ARAB PARTIES

In Knesset elections, lists of candidates are presented by a large number of parties competing for the vote of the Arab minority. Of these parties only four are significant, three of which are affiliated with Mapai. In the 1955 Knesset elections approximately 60 per cent of all valid ballots cast by Arabs went to the Arab parties, and about 90 per cent of these were won by the three Mapai-affiliated parties. The rest of the Arab vote is divided mainly among Mapai, Mapam, and the Communists.

While little is known about the political organization of Arab communities, it is not difficult to account for the large number of splinter groups in the political life of Arabs in Israel. During the 1948 Arab-Israeli war, the ruling élite of the Arab communities were among the first to flee from Palestine. The Arabs that remained were largely leaderless, and strong Arab leaders capable of operating on a national as opposed to a local basis have not yet emerged. In addition, the perpetuation of family feuds and rivalries among various groups and clans has helped to keep Arab political parties oriented toward local Arab communities. Until Arab-Israeli hostility in the Middle East is substantially resolved, it is likely that a large number of Arab voters will continue to vote for Arab party lists rather than those of the national parties.

THE CONDUCT OF ELECTIONS

The Elections to the Knesset Law, passed on January 24, 1955, regulates all future elections to the Knesset and continues the system of proportional representation. It declares eligible to vote all

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persons 18 years of age or over on December 31 preceding the election year. Under the Law, supervision of the quadrennial election is vested in a thirty-four-member Central Elections Committee, whose chairman is a Supreme Court Justice elected by his fellow justices. The members of the Committee are elected by political parties in the outgoing Knesset, each party being entitled roughly to one committee member for every four seats it holds in the Knesset. Smaller parties with less than four Knesset delegates get one seat.

The Central Elections Committee performs several tasks. It accepts and validates the lists of candidates submitted by the parties; it establishes district election boards in the fourteen electoral districts into which the country is divided; and it is responsible for the technical conduct of polling. In addition it maintains surveillance of the campaign, and it counts, certifies, and publishes the results of the balloting.

Any group may submit a party list if it obtains the signatures of 750 eligible voters. Decisions of the Central Elections Committee on the acceptance or rejection of the lists may be appealed to the Supreme Court. Because many persons eligible to vote in the 1955 election had never voted before, there was considerable misunderstanding about proper election procedures and doubt about the legitimacy of several lists. The Supreme Court rejected one appeal from an Elections Committee decision invalidating a party list because of insufficient signatures. Of the 903 signatures, 374 were found to be forged. Another list was rejected because it lacked 68 valid signatures. Others were in dispute because voters who signed later discovered that they had been importuned into signing the wrong list.

Some of the appeals heard by the Supreme Court were rather humorous commentaries on the extreme diversity of political experience in Israel. The head of a tiny party with a high-sounding name appeared before the Court to argue for his list. When he addressed the Court in German, the presiding judge asked him how he expected to address the Knesset if he could not speak Hebrew. He replied that he would learn. When a German interpreter was produced, it seemed that he could not speak German well either. But the interpreter tried Hungarian, and the proceedings continued

without interruption. In another case, a man claimed that his 750 signatures were all true lovers of democracy and that the list had been wrongly rejected. A handwriting expert testified that all the signatures were written by one hand. But an Arab witness, who had collected the signatures, stated that he explained to the villagers the principles of democracy before they signed. But when the Court asked the witness to produce affidavits to that effect, the appeal was suddenly withdrawn. In another case, a party ran two lists, one for Europeans and one for Orientals. It collected the signatures long before the election and kept them handy for use at the proper time. But unfortunately the Oriental list lacked several signatures; so the party head transferred the names of European-born residents: Abramovitch, Yankelevich, Warsawski, Feusterbusch, and the like to make his quota. But the Court ruled the list invalid. If Mr. Abramovitch signed the European list, his name could not be switched to the Oriental list.¹¹

The system of proportional representation and a single national constituency works this way: each party list is entitled to as many members in the Knesset as the total number of votes it polls divided by the voting quotient. The voting quotient is the total number of valid votes cast divided by 121 (one more than the total number of parliamentary seats). Seats that remain after this original computation is made are divided according to the following formula: each party that elects at least one member of the Knesset is assigned a "list" quotient, which is computed by dividing the total number of votes cast for the party by the number of members elected from that list plus one. The party list with the largest "list" quotient elects another member; the party with the next largest quotient elects another, and so forth, until all the remaining seats are assigned. If this latter procedure fails to dispose of all of the seats, the procedure is repeated, except that on repetition the new "list" quotient is computed by dividing the total number of votes cast for the party list by the number of members elected from that list plus two.

Establishing registers of qualified voters for the 1955 election was

¹¹ These stories of actual cases are taken from "The Supreme Court and the Elections," by Justinian (a pseudonym of a Supreme Court Justice), in *Here and Now*, July 21, 1955.

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a very difficult task. About six months before the election, registration forms were sent to a million eligible voters by registered mail. The Ministry of the Interior then prepared a Voters' Registry from the forms returned by voters. Each voter whose name appeared on the Voters' Registry received a voting card entitling him to vote in the polling station specified on the Voters' Registry. Under the law, voting lists were displayed for ten days in local communities throughout the country. Persons whose names did not appear or appeared incorrectly on the list or who did not receive registration forms could appeal to the Ministry of the Interior. In 1955, approximately 170,000 appeal claims were filed with the Ministry. 8,000 were filed too late; 123,000 won their appeals; and about 40,000 were rejected. Principal grounds for rejection were that the person was not a citizen, that a duplicate claim had been filed, that the claim could not be understood, or that the claim was filled out in the names of children or deceased persons. The large number of claims reflected the rapid pace of immigration since the 1951 election and the unfamiliarity with voting of thousands of new immigrants.

In 1955, the fourteen electoral districts were divided into approximately 2,100 polling stations serving about 900 settlements ranging from metropolitan Tel Aviv to areas with less than 100 eligible voters. About one third of the polling stations were located in Tel Aviv, Haifa, and Jerusalem. About 200 stations were located in areas of predominantly non-Jewish settlement, including those serving Bedouin tribes in the southern desert. The twenty-one municipalities included nearly two thirds of the qualified voters. Personnel managing the voting in each station were picked by the district election boards. In addition, 3,660 civil servants responded to an appeal by the Chairman of the Central Elections Committee and the Civil Service Director to serve as ushers at the polls to help ensure orderly balloting. The volunteers explained voting procedure and assisted those who were baffled by the process. Larger polling stations had police guards to prevent any show of violence.

Election Day itself is a public holiday. Ordinary businesses, except public facilities (movie theatres, restaurants, groceries, hotels, transportation services, etc.) are closed, and the serving of alcoholic drinks is forbidden. Electioneering continues until 7 p.m. preceding

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the day of election. The polls are open from 6 a.m. to 11 p.m. in the urban areas and from 8 a.m. to 9 p.m. elsewhere. A voter presents his identity card to the Poll Committee, which stamps it to prevent double voting and checks his name off the Voters' Registry. He is given an envelope, enters a closed voting booth, selects a printed slip bearing the letter-symbol of his party, and puts it into the envelope. He puts the sealed envelope into a ballot box in the presence of the voting officials. The method is simple and practically foolproof. Its simplicity has undoubtedly helped the voter with little or no voting experience in casting his ballot.

The only trouble at some polling stations was caused by men who wanted to take their wives into the polling booth to be sure they voted the right way. In one instance when the polling official explained that the rules forbade such practice, an old man from Morocco protested that his wife must follow her husband into the polling booth just as she followed him in all other matters. When the officials would not allow it, he ordered his wife to go home without voting, much to the dismay of the helpless officials.¹²

Election campaigns in Israel are vigorous, noisy, and expensive. In July 1955, almost all parties responded to the appeal of the Central Elections Committee to approve a "Decent Elections Agreement" to abjure violence in the campaign, profaning of the reputation of other parties, and "all pressure and aggressive tactics." The agreement had little effect. Political speeches and broadsheets rained over all of Israel in the few weeks preceding the election. All parties were attacked with hyperbole and virulence not unlike election campaigning in the United States. It has been estimated that perhaps 100,000 persons, or more than ten per cent of those who cast ballots in the 1955 election, were actively engaged in some way in influencing people's votes.¹³ Except in the military forces, where campaigning was strictly forbidden, and in the circles of senior civil servants and judges, who were barred, by order of the Government, from taking part in election campaigning, electioneering dominated the political life of the country.

¹² This story is taken from "Keeping Posted," in *The Jerusalem Post*, August 1, 1955.

¹³ Sara Shapiro, "Election Day a Relief to Tired Campaigners," *The Jerusalem Post*, July 25, 1955.

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Major campaign techniques included pamphlets, cinema shorts, and speeches. Campaign convoys of various parties toured rural settlements giving entertainment along with a featured political speaker. Mapam and the General Zionists specialized in painting their party letter-symbol on the main roads of the country. In the month before the election, there were an estimated 1,000 political meetings a day on Fridays and Saturdays, and at least half that number during weekdays.¹⁴

The Government was charged, sometimes not without justification, with using public funds to win votes. Arab communities that had lacked water or electricity seemed suddenly to obtain these improvements shortly before the election. Funds for unemployment relief were relatively abundant in the pre-election month. But apart from the expenditure of public funds that may have had some impact on the allegiance of voters, the parties spent an estimated IL. 15 to 20 million (about \$10 million) in the course of the campaign. Since these expenditures contributed nothing to the production of basic goods and services, they probably had an inflationary impact on the economy.¹⁵

The conduct of campaigns is relatively unfettered by legal restrictions and requirements. Nor has a commendable tradition of campaigning developed. Perhaps a useful reform would require parties to publish financial accounts of their revenues and expenditures related to elections. A public accounting might restrain otherwise extravagant expenditures and dubious methods.

The three Mapai-affiliated parties won about half of the Arab votes in 1955. The Mapai Party itself won another 12 per cent. As a result, nearly two of three Arab voters voted for either Mapai or Arab parties affiliated with Mapai, despite the fact that Mapai has been the only party defending the policy of military control of Arab districts. Its appeal to Arabs is based on an announced program to improve conditions of life in Arab towns and villages. The Arab party affiliated with Mapam won slightly more than 6 per cent, while Mapam itself won 7 per cent, making a total of 13 per cent

¹⁴ *Ibid.*

¹⁵ If this estimate is correct, campaign costs were equal to approximately \$11 per voter, compared to a total expenditure of \$1 to \$2 per voter in the 1952 American presidential campaign, which featured very expensive telecasting.

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of Arab voters for Mapam and the Arab party affiliated with it. Mapam has pushed for a more dynamic community development program in Arab districts and for elimination of restrictions on the movement of Arabs.

The only other party to win a substantial bloc of Arab votes was the Communist Party, which is also the only Israeli party with a substantial Arab membership. In 1955, about one sixth of Arab voters (10,715) cast their ballots for Communist lists, and Arab voters contributed nearly 30 per cent of the Communists' voting strength. The Communist Party won 35 per cent of the Arab vote in urban areas, compared to about 35 per cent for the major Arab parties and 20 per cent for Mapai itself. In the rural villages, which contain five out of six Arab voters, the Communist appeal to Arab voters declined to 12 per cent, compared to about 60 per cent for the major Arab parties and 10 per cent for Mapai. Arab support for other parties has been negligible. Achdut Ha'avoda won not quite 2 per cent in 1955, while such parties as Herut, General Zionism, and the Progressives won less than 1 per cent respectively.¹⁶

ELECTION RESULTS

Analysis of Israeli elections is complicated by the large number of parties. While statistics are available to highlight trends in voting strength, it is difficult to appraise the broad meaning of specific changes in voting. The 1955 election indicated that about 86 per cent of the voters (all except those voting for the four religious parties) opposed compulsion in religious matters; that 60 per cent (Mapai, General Zionists, Progressives, and religious parties) supported Government policy in foreign affairs; and that over 50 per cent (parties drawing their main support from the Histadrut) opposed any fundamental change in matters affecting the Histadrut, such as the nationalization of the Histadrut health service, labor exchanges, and bus cooperatives. However, the voting results give few clues as to what kind of Government the voters wanted.

While significant changes occurred in the distribution of Knesset seats from 1949 to 1955, similarities during this period are more significant. Despite more than a doubling of population in this

¹⁶ See further discussion on Arab voting in Chap. 12, p. 301.

Party	Seats Won in Knesset				Percentage of Total Votes			Votes Received		
	1st K 1949	2nd K 1951		3rd K 1955	1st K	2nd K	3rd K	1st K	2nd K	3rd K
		Begin	End							
Mapai	46	45	47	40	35.72	37.3	32.2	155,274	256,456	274,735
Herut	14	8	8	15	11.46	6.65	12.6	49,782	45,651	107,190
General Zionist	7	20	23	13	5.22	16.1	10.2	22,661	111,394	87,099
Achdut Ha'avoda	—	—	4	10	—	—	8.1	—	—	69,475
Mapam	19	15	7	9	14.73	12.5	7.3	64,018	86,095	62,401
Hapoel Hamizrachi	6a	8	8	11b	12.19	6.75	9.1	52,982	46,347	77,936
Mizrachi	4a	2	2			1.5			10,383	
Agudat Israel	3a	3	3	6c	12.19	2.0	4.7	15,148	13,799	39,836
Poalei Agudat Israel	3a	2	2			1.6			11,194	
Communists	4	5	7	6	3.49	4.0	4.5	27,334	27,334	38,492
Mapai Arab Parties	2	5	5	5	1.7	4.75	4.4	7,387	32,288	37,777
Progressives	5	4	4	5	4.09	3.2	4.4	17,786	22,171	37,661
Sephardim	4	2	—	—	3.52	1.8	—	15,287	12,002	6,994
Yemenites	1	1	—	—	1.01	1.2	—	4,399	7,965	—
Minor Parties	2	—	—	—	—	—	—	29,960	4,413	13,623
Total	120	120	120	120	100.00	100.00	100.0	434,684	687,492	853,219
		Total Valid Votes						434,684	687,492	853,219
		Invalid Votes						5,441	7,515	22,866
		Total Votes Cast						440,095	695,007	876,085
		Total Number Eligible Voters						506,567	890,000	1,060,689
		Per Cent of Eligible Voters Who Voted						87	77	83
		Election Quotient						3,592	5,692	6,938
		(Votes needed to elect one delegate)								
a Formed United Religious Front		b National Religious Front						c Torah Religious Front		

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period, overwhelmingly from immigration, the basic political pattern has remained virtually unchanged. Whatever conclusions may be reached concerning the drift of party politics in Israel, it is clear that the parties as a whole have displayed a remarkable capacity to adjust to mass immigration. New immigrants have not encouraged a movement toward more splinter parties. In fact, one of the most important political changes has been the gradual attrition in the number of parties, a result not unrelated to the absorption of immigrants.

In the new immigrant towns (those with a majority of population that entered the country after 1948), the number of votes cast for minor parties was very small. In these communities, there was no need for identification with ethnic and minority-conscious parties. Although Mapai, in 1951, did relatively better in the new immigrant towns, in 1955 it still carried these towns by a larger margin than it polled in the rest of the country. The General Zionists lost strength, much more in the immigrant towns than in the cities; but Mapam, the Communists, and the moderate religious parties did very well in these towns. In the large cities, which contain at least as many immigrants as the new towns, the voting was proportionately heavier for Herut, General Zionist, and Aguda parties. Splinter parties were rejected by new voters but were unusually strong in the eight medium cities and towns. Herut polled a much heavier proportion of the voters in Tel Aviv and Jerusalem than it did in Haifa. The Communist gains came mainly in the new immigrant towns.

REFORM OF THE ELECTORAL SYSTEM

In the first three elections to the Knesset, there were 21, 17, and 18 party lists of candidates respectively. The continued existence of so many parties is encouraged by the system of proportional representation that Israel inherited from Jewish self-government under the Mandatory and the Zionist Organization. This electoral system seems peculiarly suited to the great ethnic, cultural, religious, and ideological diversity within Israel. Above all, its simplicity for the citizen, who merely votes for a single party list without reference to specific candidates or a particular constituency, seems ideally

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TABLE 3

Voting in Urban Centers and New Immigrant Towns Compared to National Voting, Elections to Third Knesset, July 1955

(percents)

<i>Parties</i>	<i>Total National Vote</i>	<i>Vote in Three Largest Cities (1)</i>	<i>Vote in Eight Large Towns (2)</i>	<i>Vote in 12 New Immigrant Towns (3)</i>
Mapai	32.2	31.0	31.0	38.4
Herut	12.6	17.1	9.4	12.8
General Zionists	10.2	14.7	10.5	4.6
Achdut Ha'avoda	8.1	7.5	7.8	5.9
Mapam	7.3	4.8	6.5	7.7
Agudat Israel-Poalei				
Agudat Israel	4.7	6.0	4.2	3.2
Hapoel Hamizrachi-Mizrachi	9.1	7.3	9.7	13.9
Communists	4.5	3.9	2.8	7.5
Progressives	4.4	5.1	3.8	3.1
Other Parties	6.9	2.6	14.3	2.9
Total	100.0	100.0	100.0	100.0

Source: *Ha'aretz*, August 12, 1955.

(1) Three Largest Cities: Tel Aviv-Jaffa, Haifa, and Jerusalem.

(2) Eight Large Towns: Herzlia, Hadera, Tiberias, Natanya, Afula, Petach Tikva, Rishon-le-Zion, and Rehovot.

(3) Twelve New Immigrant Towns: Azur, Be'er Yaacov, Beersheba, Beth Dagon, Beth Shan, Yahud, Lydda, Migdal Ascalon, Acre, Kiryat Shmoneh, Rosh Ha'ayin, and Ramle.

adapted to a democracy with a very liberal franchise. Israel requires only a minimum age of 18 and citizenship to qualify for voting; even illiterates are entitled to vote, provided they meet these minimal requirements. Since the electorate includes thousands who never voted before or had any previous experience with democratic politics, the electoral system must be as easy as possible to understand. Whatever disadvantages proportional representation and national party lists may have, their simplicity facilitates maximum participation in balloting.

Proportional representation has worked reasonably well in Israel. Elections have been relatively free from fraud and corruption. While Government coalitions fathered by proportional representation have been troubled chronically by conflicts of principle among coalition partners, these coalitions have supplied an element of stability which some older democracies have lacked. Nor has the

system prevented the Knesset from authorizing a resigned Government to remain in office until its successor has been confirmed. This procedure has more than once allowed a defeated Government to retain the reins of power for many months, but it has prevented the chaos created by political vacuums.

On the other hand, proportional representation undoubtedly discourages strong political action, both in the Government and Knesset. Because Knesset delegates are dependent on their parties for nomination, they have almost no ties to individual voters. Because the electoral system makes coalition government a practical necessity, it is difficult for the electorate to hold the Government responsible for its policies and actions. Elections, therefore, tend to lose some of their democratic meaning. Because it makes possible the survival of minor parties, critics of proportional representation charge it with perpetuating political rivalries that endanger the unity the nation requires for survival.

Two alternatives to proportional representation have been widely discussed in Israel, which is deeply concerned about the merits and demerits of its electoral system. The first alternative would replace the single national constituency in Knesset elections with either 120 single-member constituencies or a group of regional constituencies electing several delegates each to the Knesset. Mapai, under Ben Gurion's prodding, has advocated single-member constituencies, which would undoubtedly strengthen the strongest parties in the country. The General Zionists have proposed various plans looking toward a division of the country into perhaps twenty constituencies, electing three delegates each on a modified system of proportional representation, with 11 additional delegates elected on a national basis, making a Knesset of 71 members. Mapam and Achdut Ha'avoda, whose strength has traditionally been centered in the older collective settlements, have opposed both plans; and the Progressives, who might be wiped out by the plans, have also resisted them.

The second alternative scheme has embroiled the parties in the "battle of the per cent clause." In 1951 the election law was amended to require a party to obtain at least one per cent of the popular vote in order to win a seat in the Knesset. In 1952, Mapai, with the agreement of the General Zionists, suggested that the minimum be

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raised to 10 per cent of the popular vote. Mapai gradually reduced its proposed minimum to 4 per cent, but other parties have refused to accept the plan. If the minimum were set at a high level, it would deprive certain minority groups, particularly Arabs and Druses, of direct parliamentary representation. If it were set higher than 3 or 4 per cent, it would probably eliminate the Progressives. An unsuccessful effort was made to raise the minimum to 2 per cent for the 1955 election. This scheme would reduce the number of splinter parties, but it would not cure the shortcomings of proportional representation. A 4 per cent clause in 1955 would have had no effect on the final results of the election. Even a higher percentage would have left the voter free to choose among six or more parties.

Discussions of electoral reform in Israel have been thoughtful, but they have not proceeded very far. They have scarcely touched such matters as the absence of by-elections to test the temper of the country. The merits of requiring parties or candidates standing for election to make deposits which would be forfeited unless a specified minimum percentage of votes was obtained have not been debated. And there has been little or no discussion of the inability of the Knesset to force a member to resign if he leaves his party during the term of the Knesset.

Dissatisfaction with proportional representation and the single national constituency has led many thoughtful Israelis to sympathetic study of the English electoral scheme of single-member constituencies. Sober consideration, however, suggests that other national schemes are not exportable to Israel. While proportional representation in its Israeli form facilitates the continued existence of many parties, it is also sustained in turn by dogged factional party spirit that blocks compromise and promotes separatism. Given the history of five decades of partisan politics from Zionism to statehood and the remarkable capacity of the parties to adjust to mass immigration, it is unlikely that proportional representation or the single national constituency will soon disappear. As one acute observer has said:

The solution of the multi-party problems in Israel must, I fear, be found in the gradual amalgamation of parties over the course

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of time and not by any change in the electoral system or by the imposition of an artificial minimum of votes.¹⁷

The process of amalgamation has already begun. Yemenites and Sephardim tend to vote for the major parties rather than smaller parties based on ethnic ties. Already at least half of the Arab voters support one of the major parties rather than one of the various Arab lists. And recent immigrants, especially in the new towns and the largest cities, have turned to the major parties. If this process continues in the years ahead, it is likely that further amalgamation will eventually produce four major groupings: Marxists (Communists and Mapam); Labor (Mapai, Achdut Ha'avoda, and Hapoel Hamizrachi); Conservatives (General Zionists and Herut); and Orthodox Religious.

The unique character of the party structure of Israel has produced a stability of policy and administration, but at the cost of a loss of dynamism and vigor in public affairs. Since Mapai, the moderate center party, is the only large party among ten to twelve, it cannot avoid the task of forming Governments. But its control has not been sufficiently strong to enable it to disregard the wishes of its coalition partners. Under the constant risk of losing control, only to be asked to form another Government, Mapai-led coalitions tend toward a cautious, moderate, and hesitant approach that has produced a hard-won, uneasy stability but has left many serious problems without timely resolution. No other parties would have been successful in forming a Government. The next two largest parties, Herut and the General Zionists, could not win sufficient support among other parties. The religious parties, all four combined, control less than 15 per cent of the Knesset. The dogmatism of the extreme left effectively rules out a coalition under its leadership, although Mapam has accommodated itself to a sharing of governing responsibility as a junior partner in the Government of the Third Knesset formed in November 1955. Consequently, the multi-party system, despite its volatile and factious character, has produced a sobering stability in party control and administration of public affairs.

¹⁷ Edwin Samuel, *Problems of Government in the State of Israel* (Jerusalem: Rubin Mass, 1956), p. 56.

Chapter 4 Legislature and Judiciary

SOURCES OF ISRAEL LAW

Israel's Parliament, the Knesset (literally, the "Assembly"), is a unicameral body compounded of both British and continental practice. Its legislative tasks have been magnified by the extremely complex setting of public and private law that still prevails in Israel. The law of Israel is derived from four principal sources based on widely divergent conceptions that make bill drafting and law codification very difficult.

The first source is Ottoman law in force in Palestine on November 1, 1914, when war broke out between the Allied Powers and Turkey, of which Palestine was a part. Ottoman law contained three dissimilar strands: Mohammedan law based mainly on the Koran and Moslem custom relating to civil transactions, matters of personal status, and land ownership; French legal codes, which had been borrowed by Turkish Sultans in the nineteenth century to govern such important areas as commercial and maritime law and civil and criminal procedure; and the personal law of the non-Moslem communities in Palestine, including Jewish religious law, governing matters of personal status (marriage, divorce, alimony, wills, etc.).

The second main source was English law, including not only legislative acts of the British Parliament and Orders-in-Council applicable to Palestine, but also the substance of the English common law, to the extent permitted by the Mandatory.

The third source was Palestinian (Mandatory) law, which was modelled closely upon English law and by the end of the Mandate had replaced certain areas of Ottoman law, for example, commercial and land law. And the fourth source is, of course, Israeli statutory law as enacted by the Knesset. Since the task of codification of Israeli law has proceeded very slowly, many legal questions can be resolved only by careful analysis of the relevant laws in Ottoman, British, Palestinian, and Israeli law.¹

¹ The best treatment of the problem of codification is found in Benjamin Akzin, "Codification in a New State: A Case Study of Israel," *The American Journal of Comparative Law* (Winter 1956), vol. 5, pp. 44-77. See also U. Yadin, "Sources and Tendencies of Israel Law," *University of Pennsylvania Law Review*, vol. 99 (1950-51), pp. 561-671.

British influence on Israeli legislative practice has affected particularly the relationship between the Government and the Knesset. The Israelis have followed the British at least in theory with respect to the Government's responsibility to the Knesset, the initiation of almost all legislation by the Government, the rules for handling no confidence votes and the resignation of the Government, the principle of collective responsibility of the Government, and the practice of choosing ministers predominantly from the legislature. But Israel has not followed those British practices that have depended heavily on the homogeneous character of the majority and opposition parties in Parliament. In this area continental influences have helped to strengthen the multi-party system based on proportional representation and the single national constituency, and influenced the establishment and operation of parliamentary standing committees. If the Knesset were composed of deputies of only two or three different parties, it might have been possible to adopt the British pattern of fixing the parliamentary agenda by consultation between the Government and the Opposition and allowing a considerable opportunity for individual members to submit private bills. In Israel the lack of homogeneity in the opposition, and frequently in the Government, as well, has led to other practices.

ORGANIZING THE KNESSET

The general duties of the Knesset are similar to those of well-developed democratic legislatures. It makes laws, fixes budgets, levies taxes, oversees the operations of the Government, supplies the personnel of the Government, and provides a forum for debate on important issues. In addition it elects the President, confirms the appointments of Supreme Court justices, and, in the absence of any other constitutional rule, dissolves itself. It usually has five sessions a week (Monday and Tuesday afternoons and evenings and Wednesday afternoon), each session lasting about two and a half hours. It meets throughout the year except for a spring and an autumn recess. A verbatim stenographic record of its proceedings is printed weekly (*Divrei Haknesset*). There is no quorum rule, and formal action is taken by a simple majority of the members present and

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voting. Since December 14, 1949, it has met in its permanent quarters in Jerusalem.

The method of organizing the Knesset has not yet stabilized. At the beginning of the Third Knesset, an *ad hoc* Organizing Committee of twenty-eight members was elected by the Knesset. Party representation was roughly equivalent to party strength in the Knesset. The Committee's principal task was to nominate members of the Presidium (the Speaker and Deputy Speakers) and chairmen of the standing committees, and to assign members to committees. Organization of the Knesset was delayed because the Committee could not agree on the number of deputy speakers and the distribution of committee chairmanships. In the Second Knesset, four members served as Deputy Speakers. In the Third Knesset, Herut, as the second largest party, demanded representation on the Presidium. The Knesset could not deny the request, but it was reluctant to accord Herut the honor of being given one of the four deputy speakerships. The problem was resolved by enlarging the Presidium to nine, including the Speaker and eight deputies, one of whom belonged to Herut.

The selection of committee chairmen was complicated by Ben Gurion's long delay in achieving a majority coalition. The distribution of chairmanships was linked with the assignment of ministerial portfolios. Until a general settlement was reached by the coalition partners, progress in organizing the House was slow. After some weeks' delay, the Knesset approved the slate of chairmen presented by the Organizing Committee.

While the parties had conflicts in resolving committee appointments, they were unanimous in reelecting Joseph Sprinzak as Speaker. Since 1949, he had served as presiding officer of the Knesset and chairman of its Presidium. Despite the partisanship that usually prevails in the Knesset, the parties voted in unison for the man who for most of his adult life had been serving as chairman of Zionist meetings and organizations. His even temperament and complete fairness had endeared him to the Knesset. Great respect for its Speaker has more than once brought an emotion-ridden assembly back to its senses. Sprinzak has taught the parliament to have respect for the rights and opinions of fellow members. His

skill as a persuasive negotiator has helped the Knesset acquire a moral force and dignity with which it is not naturally endowed. Because of his desire to give opposition members as much speaking time as possible, he has rarely stopped one whose allotted time had expired, but an expressive shrug of the shoulder effectively warns the speaker that he has offended the House by exceeding the time limit.

The Speaker has considerable influence on matters of procedure. The general legislative procedure that the Knesset inherited from the Provisional Council of State did not resolve many questions of procedure. The House Committee has augmented these rules by additional standing orders and regulations, which are interpreted by the Speaker while the Knesset is in plenary session. A member of the Knesset may appeal a ruling of the Speaker to a special seven-man Rules Committee. The Speaker may also call members to order and even eject members who refuse to comply with his rulings. He may order certain passages struck from the record because of their offensive character.

Knesset rules require simultaneous translation of proceedings into Arabic, for benefit of Arab deputies. In addition, speeches in Arabic are translated into Hebrew. Arab deputies are provided with a translation service. Ordinarily they submit speeches in writing in advance to an interpreter and translating services are available for participation in debate, moving amendments, or submitting motions. Proposed bills, agendas of the Knesset and committee meetings, and the main clauses of budget bills are made available in Arabic translation. Questions submitted in Arabic by Arab delegates as well as replies by the Government are also translated. During committee sessions, an interpreter sits beside the Arab deputy and whispers the Arabic translation of the Hebrew proceedings and translates the deputy's remarks into Hebrew which are then recorded in the minutes of the committee.²

The staff of the Knesset consists of about 90 persons under the direction of the Clerk of the Knesset and his two deputies.³ Other

² See M. Piamenta, "Arabic in the Knesset," *Middle Eastern Affairs*, February 1955, pp. 45-47. The author is Secretary of the Arab Department of the Knesset.

³ The Clerk of the Knesset, sometimes called the Secretary General, has been Mr. Moshe Rosetti, a close student of western, and especially British, parliamentary practice. He and his principal deputy have written extensively about

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senior officers include the editors of the Knesset Proceedings, the secretary of the Speaker, the librarian, the chief of records, the sergeant at arms, and the secretary of the Finance Committee. Apart from the Finance Committee, which also is served directly by the Office of the State Comptroller, there has been little development of professional staff services for Knesset committees.

LEGISLATIVE COMMITTEES

The Knesset follows the continental or American practice of assigning major duties to permanent standing committees. Nine committees with carefully defined jurisdictions have been established. The *House* (or Knesset) *Committee* develops rules of procedure for the full Knesset and standing and special committees, refers matters to appropriate committees for discussion, passes on conduct of Knesset members, and handles all matters relating to salaries, pensions, and immunity of members. The *Foreign Affairs and Defense Committee* is concerned with issues of foreign affairs and security. The *Finance Committee* deals with taxation and fiscal policy, revenues, the budget, currency, state property, and the State Comptroller's activities.

The *Economic Committee* handles legislative matters relating to commerce, industry, transportation, communication, and economic regulation. The *Home Affairs Committee* is concerned with legislation affecting the police, local government, immigration, citizenship, and press and information. The *Education and Culture Committee* is assigned legislation concerned with education, culture, art, science, radio, cinema, theater, and physical training.

The *Constitution, Legislation, and Justice Committee* deals with legal matters, the administration of justice, and constitutional issues. The *Labor Committee* handles legislation relating to employment, labor-management relations, public works, rehabilitation, and social insurance. Lastly, the *Public Services Committee* deals with legislation in the areas of social services, health, veterans, and war victims.

the Knesset. See Moshe Rosetti, "Israel's Parliament," *Parliamentary Affairs*, vol. 8 (Autumn 1955), pp. 445-452; Asher Zidon, *Haknesset L'Halacha U'Lmaaseh* (Israel's Parliament in Theory and Practice), 1950-54 (Jerusalem: Achiasaf Publishing House, 1955).

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In the Third Knesset, Mapai members headed four committees, while members of other coalition and opposition parties chaired five committees. Israel's parliament seems to follow the precept of giving the opposition something constructive to do. The practice has the desirable result of giving able men in minority parties an excellent opportunity to share responsibility for governing. All committees have 15 members, except the House and Constitution committees, which have 23 members. Committee assignments are made by the *ad hoc* Organizing Committee. 151 committee posts are divided among 119 members (the Speaker is excluded from service on a committee) generally in accordance to party strength, but it is difficult to reproduce exactly the strength of the various parties in nine small committees. In the Second Knesset, parties with less than eight members in the Knesset were excluded from the Foreign Affairs and Defense Committee and the Finance Committee. This was a device to keep the Communist deputies out of the two committees with access to confidential security information. Members of the Government serve on committees, but they may not occupy positions of leadership.

Knesset committees have two main functions. They examine and, if they desire, amend Bills referred to them by the full Knesset and report them to the Knesset for approval. They may also inquire into the workings of the executive branch. For these purposes, they work in closed sessions not open to the public or the press. From time to time, they publish brief notices of their activities. They may call experts and Government officials, including ministers, to appear before them to give testimony or answer questions. Minutes are kept of committee proceedings. Because discussion takes place behind closed doors, committees may quietly discuss matters that might disrupt the Knesset in plenary session.

Committees are authorized to discuss any matter referred to them by the Knesset. They may prepare reports on such matters, but further legislative action depends on the Knesset or Government. In this way, the responsibility of the Government is confined to the full Knesset, and the power exercised by committees over the Government is limited unless the full House affirms committee reports.

Committee meetings are held frequently. In the full four-year

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tenure of the Second Knesset, divided into annual sessions, committees met nearly 2,000 times.⁴

The most active in terms of the number of bills considered are the Committees on Constitution, Law and Legislation, and Finance. Together they have handled about six out of every ten bills enacted by the Knesset. Committees on Foreign Affairs and Defense, Home Affairs, Labor, and Economics are responsible for examining a medium volume of proposed legislation, while the House, Education and Culture, and Public Services Committees dispose of a smaller volume of legislative proposals.⁵

Under special circumstances, members of the Knesset may request a change of committee assignment. During the Second Knesset, changes were freely made during the first and second annual sessions. In the third session, the number of changes dropped from a level of 65 per session to 40. And in the fourth and final annual session, the number dropped to 9. A few were necessitated by changes in membership of the Knesset, but most of them resulted from attempts by the parties to distribute their members in ways likely to be most advantageous to them.

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In theory legislation may be initiated by the Government, by a committee of the Knesset, or by an individual deputy or party. In practice, initiation of legislation is the prerogative of the Government. Individual members of parties may introduce private bills every tenth session of the House (approximately once every two weeks), but very few private bills survive the legislative mill. Drafts of proposed bills are usually prepared first by the Ministry concerned and then are reviewed by the Ministry of Justice to assure legality and proper form. After clearance by the Ministry of Justice, the minister concerned presents the bill to the cabinet for its approval. If the bill is accepted by majority vote of the coalition, it is presented to the office of the Speaker of the Knesset and is published as a Draft Law in the *Official Gazette*. It must lie on the

⁴ See Table A, Appendix, for further data on Knesset committee meetings.

⁵ See Table B, Appendix, for further data on laws enacted by the Second Knesset, by committee.

table forty-eight hours before discussion is opened in a plenary meeting of the House.

The normal procedure of statutory enactment comprises three readings, similar to British practice. The minister introduces general debate on the first reading by a lengthy explanation and defense of the proposal and a review of its provisions. General debate follows the minister's explanatory speech. The time allocated to the debate is determined by a committee and is divided among the parties in proportion to party strength in the House. The time is controlled rather strictly by the Speaker, who is responsible for maintaining orderly conduct. Filibusters are prohibited, and debate is concluded without need for elaborate devices of closure or guillotine. Debates on first reading take the form of full discussions in which every member may participate within the allotted time limit. At the end of the discussion, the minister replies to questions that have been raised in the debate. By majority vote, the Knesset may take one of three courses of action. It may reject the bill outright; return it to the Government for further consideration or amendment; or indicate its general approval by referring the bill to a standing committee for detailed consideration. The great majority are referred to committee after the first reading.

The second stage features detailed examination of each clause in closed committee sessions. A representative of the ministry concerned and the legal adviser of the Ministry of Justice participate, and the committee may request private experts and Government officials, including ministers, to give advice or answer questions. In this way, the committee and the Government maintain close contact during this stage of statutory enactment.

The committee may propose amendments by majority vote, but minority members may reserve the right to introduce defeated amendments when the bill is returned to the House. Both majority and minority reports are presented to the House for its consideration at least twenty-four hours before the second reading begins. Since the general objectives of the bill have already been accepted by the House, the committee's function lies mainly in amending the bill. While committees rarely revise the objectives and basic policies of bills, they nevertheless play an important role in proposing amendments for consideration. Several important bills have

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been substantially modified following detailed analyses by committees. Bills that remain in committee after the termination of a Knesset must be reintroduced in the next Knesset.

At the second reading the chairman reports on behalf of his committee. If the chairman does not represent a majority of the committee, he may designate another member to present the majority views. Members of the committee who have reserved the right to do so, may introduce amendments in speeches of five minutes per amendment. The committee chairman replies to the minority amendments and the House votes on the measure clause by clause and amendment by amendment.

After all amendments have been accepted or rejected, the bill is submitted to the House in its revised form for final action at the third reading. If the House passes the bill in its entirety, it is signed by the President, the Prime Minister, and the minister responsible for its administration. After publication in the *Gazette* within ten days of its enactment, it becomes law. The Knesset, like other western parliaments, suffers from overwork during the last few weeks of a session, when committees disgorge bills rapidly to save them from lapsing.

The legislative output of the Knesset has been impressive. During its first seven years, it enacted about 70 to 75 laws in each annual session. During the four years of the Second Knesset, 281 laws were enacted, including amendments to existing legislation and entirely new legislation. They include much of the fundamental social and judicial legislation of the State; for example, the National Insurance Act, State Education Act, rent laws, labor laws, Army Code, Criminal Code, and Judges Act. Three fourths of its statutes dealt with financial, economic, or legal matters and national security.⁶ In particular, the Second Knesset (1951-1955) adapted Mandatory legislation and Ottoman law to the new situation in Israel and modified various legal codes to fill gaps in Israeli law.⁷

⁶ See Table C, Appendix, for further data on subject matter of Knesset legislation.

⁷ Ordinances of the Provisional Council of State were published in the *Iton Rishmi*. Since 1949, Knesset laws have been published in *Reshumot*. Many laws are available in an authorized English translation in *Laws of the State of Israel*. By 1957, eight volumes were published. Selective English translations also appear from time to time in State of Israel, *Government Year-Book*.

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In the early days of a Government coalition or in periods when the Government is preoccupied with foreign affairs and security problems, the Knesset is usually less active. Either the Government has not had time to prepare new legislative material or it must devote all of its attention to emergency matters. For example, in the winter of 1955-56, following the shipment of arms from Soviet bloc countries to Egypt and Syria, the threat of war in the Middle East found the Government working overtime, while the Knesset had little to do. The House has not yet refined its supervisory function of examining the activities of the major administrative agencies. If it does so, the Knesset will be able to use slack legislative periods to study administrative programs and give further consideration to reports of the State Comptroller dealing with Government operations.

AGENDA AND QUESTION TIME

The agenda of the House is fixed primarily by the Government in consultation with the Speaker. The Knesset may add to the agenda proposed by the Government, but Government items take precedence. At every tenth session, individual members may submit motions "to add to the agenda" or introduce private bills. The mover of the motion may speak for five minutes on behalf of the motion, and a member of the Government usually replies. The Knesset may approve the motion and place it on the agenda; or it may send it to committee for a recommendation; or it may reject it completely. Motions to add to the agenda have become a favorite device of opposition parties to raise matters calculated to embarrass the Government. During the Second Knesset, 476 motions were submitted, of which 70 per cent were filed by members of Mapam, the Communist Party, Herut, and the General Zionists. Except on motions of importance to the public, the Speaker allots equal time to all members desiring to speak. When important public issues are involved, the House Committee usually determines the duration of the debate and allots speaking time in accordance with relative party strength in the House. Allocation of time within parties is made by the parties themselves.

The Knesset has followed closely the British parliamentary prac-

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tice of submitting questions to Government ministers. The first half-hour of Knesset meetings is question time. Any member may submit questions in writing to specific ministers who must reply orally within two weeks from the rostrum of the House. The texts of questions are distributed to all members. After the minister replies, the questioner is permitted to ask one supplementary question. "Question Time" gives a member a valuable opportunity to seek additional information concerning Government policy or action, challenge the propriety of ministerial behavior, criticize administrative practices, and draw attention to alleged grave defects in the activity of the Government. Questions may help to elicit information which might not otherwise be made available to the public and give opposition parties a chance to censure ministers.

During the Second Knesset, ministers replied to nearly 1,800 questions, of which more than 60 per cent were submitted by Mapam and the Communist Party.⁸ While questions are addressed to all ministers, those concerned with economic affairs, social services (health and education), government finance, and home affairs handled the bulk of them. In theory, the submission of questions gives the Knesset an important tool of legislative control over the Government and administration. However, the parties have also submitted questions mainly to embarrass the Government or to secure partisan advantage rather than to develop the legislative function of overseeing the administration of public affairs.⁹

MEMBERS OF THE KNESSET

Any Israeli citizen who is at least twenty-one years of age may be a candidate for the Knesset by winning a place on the list of a party. In an electoral system that gives control of candidacy to the parties, it was doubtless inevitable that most members of the First and Second Knessets were the established Zionist leaders. They were primarily above the age of fifty and identified in the past either with the work of the pioneering kibbutzim and agricultural settlements or the operation of major national institutions, such as

⁸ See Table D, Appendix, for further data on ministerial replies to questions, by party.

⁹ See Table E, Appendix, for further data on ministerial replies to questions, by party.

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Histadrut, the Jewish Agency, and Jewish community government before 1948. The membership of the Knesset does not yet reflect the immigration of nearly 800,000 persons from 1948 to 1956, nor has it registered the declining importance of the kibbutzim as economic producers and as instruments of absorption of immigrants.

While the turnover in Knesset membership from the First to the Second Knesset was very small, in 1955 39 of the 120 members were elected for the first time, including some under fifty years of age. During the tenure of the Second Knesset, eleven members died or resigned, and their places were taken by the next candidates on their original party lists. A member may secede from his party, join another party, or form a party of his own without risking ejection from the Knesset. Thus the mathematical exactitude of the system of proportional representation may be undermined, as it was during the Second Knesset.

At the beginning of each new Knesset, members take an oath to be loyal to the State of Israel. Their conduct as members of the House is subject to restraint by the Speaker. In addition they may be charged with misbehavior by the House Committee, but the authority of the Committee is not clear and its procedure does not necessarily safeguard the rights of a member whose behavior is investigated. At the outset, attendance at Knesset meetings was fairly good, but it declined as the futility of much legislative debate cast a pall over the House. In the Third Knesset, the Government has occasionally been embarrassed and outvoted because of poor attendance. For example, in November 1955, the coalition mustered only eight votes on a day when the agenda was dull and the Government was not yet prepared to submit Draft Bills for Knesset consideration. Knesset debates rarely alter the opinions of members and contribute little to public education and enlightenment.

Salaries are substantial in relation to the prevailing levels in the country, and members are not allowed to receive another salary. Beginning April 1, 1956, members, excluding members of the Government, receive a basic monthly salary of IL. 342 to which is added a cost-of-living allowance to compensate for increases in prices, a family allowance for dependents, and an amount equal to eleven per cent of the overall salary for life insurance and retirement pension. A married member with one child now receives a

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gross monthly salary of IL. 530 and a net salary after taxes of IL. 360. At the official rate of exchange, in 1956, the net salary was equivalent to a take-home pay of about \$200 per month. Apart from upward adjustments in line with increases in the cost-of-living, the 1956 increase was the first salary adjustment for members in four years. In addition to salaries, members are entitled to a subsistence allowance, which varies according to the member's place of residence. Beginning in 1956, each member submits monthly reports on the number of sessions actually attended, and subsistence is paid only for days on which he is actually present in the House.¹⁰ A representation allowance, formerly tax-exempt, is now included in the basic salary, but the Deputy Speakers still receive a small special monthly allowance of IL. 25. Knesset members serving as members of the Government receive salaries as determined by the Finance Committee of the Knesset.

Every member is exempt from regular military service, unless the Knesset determines otherwise in time of war, and he is permitted to travel abroad without a permit except in case of war. He is also entitled to free transportation in the country on railways and buses in the public service, free installation of a telephone in his house, a number of free calls as fixed by the House Committee and priority on trunk calls, free postage on letters sent from the Knesset building to any place within the country, and all government publications free of charge.

Knesset members enjoy a very broad grant of parliamentary immunity from prosecution for actions in connection with their parliamentary duties. Under the immunity law of 1951, no member of the Knesset is civilly or criminally responsible or liable to legal proceedings for any action growing out of fulfillment of his Knesset duties, and he cannot be required to testify even after his term has ended concerning any information he may have as a result of his Knesset duties.¹¹ His house, property, and person are immune from search except by the customs authorities. He may be arrested only if caught in the act of committing a crime involving use of force,

¹⁰ Members from Tel Aviv area receive IL. 63 per month; from Natanya northward and for areas in the south, IL. 73; and from Jerusalem, IL. 21.

¹¹ Members of the Knesset (Immunity, Rights, and Duties) Law, 5711-1951, passed June 25, 1951; published in State of Israel, *Government Year-Book 5713 (1952)*, pp. 221-224.

LEGISLATURE AND JUDICIARY

disturbance of the peace, or treason. The arresting officer must notify the Speaker of the House, and he cannot remain under arrest for more than ten days unless the Knesset deprives him of his immunity within that period.

The immunity of a Knesset member from criminal action growing out of performance of his legislative duties is irrevocable. Immunity from arrest, search, and other enforcement actions of police authorities may be revoked only by resolution of the Knesset. Only the Attorney General may apply for withdrawal of immunity in respect to a particular charge; in other cases, application may be made by the Government or any member of the Knesset. The Speaker refers such applications for withdrawal to the House Committee, which must give the member opportunity to state his case. The House Committee then recommends a course of action to the Knesset. After at least a twenty-four-hour notice of debate on the issue of withdrawal, the Knesset may resolve to withdraw immunity. A member may not waive immunity himself; only the Knesset may take such action.

Immunity has been invoked occasionally by members of the Knesset, and a few cases have provoked considerable public criticism and discussion. The objective of the immunity statute is to promote free discussion in debate and transaction of parliamentary business. However, difficulties arise when invocation of immunity permits a member to go scot-free in cases where an ordinary citizen would be arraigned in court. Two cases in 1954 involving alleged currency offenses by Knesset members may encourage the Knesset to draw a clearer distinction between legislative and ordinary activities and revise the immunity statute accordingly. Similarly, a third case involving the liability of a Knesset member with respect to an automobile accident highlights the desirability of distinguishing between political acts and such civil offenses as traffic violations and stealing.

TENTATIVE EVALUATION OF THE KNESSET

It is still too soon to evaluate the performance of Israel's parliament. It tends to cater excessively to the propaganda needs of parties and pressure groups, and many members are content to follow

traditional Zionist legislative habits and view new issues in the light of old-fashioned slogans. In this, as in other political institutions, the transition from mandated territory to independent statehood has made obsolete certain traditions and practices to which the parties, nevertheless, cling.

In spite of the highly partisan quality of legislative proceedings and the inability or unwillingness of some parties to accept their status as integral parts of the governing apparatus, significant legislation has been produced. Draft laws are customarily presented only after careful preparation. General policies of proposed bills are frequently subjected to searching criticism and analysis. And the committees make detailed examinations of bills that often lead to their modification. The Knesset is slowly acquiring a sense of discipline, and its respect for the Speaker has more than once saved it from gross disorder and potential violence.

As a sounding board for public opinion, the Knesset has functioned moderately well. The readiness of parties to seek partisan advantage practically guarantees almost every interest group an opportunity to have its opinion presented in parliamentary discussion. On the other hand, its role as processor of legislation is somewhat passive. It is content to follow the lead of the Government in fixing its agenda and initiating legislative proposals. The working schedule of the Knesset and its committees is usually heavy, partly because the volume of work is substantial but also because of poor planning. Its reliance on the Government has weakened its interest in developing improved legislative procedures and has allowed the Government to control its workload. Unfortunately, the Knesset and the Government have developed a predilection for retroactive legislation not always justified by financial emergency or political crisis. Because of the delicate nature of coalition politics, there is some tendency for the Government to seek to avoid discussion of certain questions in the Knesset by negotiating directly with party leaders.

In foreign affairs and national security, the power of the Knesset has been weak. Normally its inquiries have been after, rather than before, an event, and then, usually, on the basis of information supplied by the Government. Both the Ministries of Foreign Affairs and Defense keep the Knesset Committee on Foreign Affairs

and Defense informed of important developments, but their confidential character limits such information to committee members.

The Knesset's control of administration is its least developed function. Improvement of administration has not been an important objective of the Knesset, nor has efficient and responsible public administration been an accepted goal of public life. Although it has available the State Comptroller's detailed reports on the operations of administrative agencies, the debates on administrative and financial defects, documented by the Comptroller, have been delayed and often manipulated by the parties for partisan advantage.

While the Knesset has elaborate rules to protect freedom of parliamentary discussion, it has tended to neglect matters relating to its institutional life. For example, it has no quorum rule and has provided no statutory procedure for its dissolution. If it follows the 1951 precedent of dissolution by agreement of the parties in the Knesset neither the President nor the Government will be able to dissolve the Knesset in the future.

The legislation of the First and Second Knessets, covering seven years of statehood, bears the imprint of the transition to independent sovereignty. The Knesset refused to adopt a written constitution, and it has failed to enact fundamental laws to be incorporated in piecemeal fashion into a written constitution. But it has endeavored to replace purely emergency and transitional authority with permanent legislation. One group of emergency laws adopted in 1948-49 was derived from ordinances of the Mandatory relating to defense and anti-profiteering. This group has been kept in part as temporary enactments under the control of the Knesset. A second group of emergency laws composed of emergency regulations of the Palestine Jewish community concerning the internal regulation of the Hagana and the maintenance of essential services and supplies was incorporated wholesale into state legislation at the outset and has gradually been replaced by ordinary legislation. A third group consists of Emergency Regulations adopted after the formation of the State by the Provisional Government upon authority conferred by the Provisional State Council. Some of these regulations dealt with requisitioning of manpower and property, prevention of terrorism, repair of war damage, registration of inhabitants, etc. Some of them lapsed when the Knesset did not ex-

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tend the period of their validity or because the Government did not request renewal. Others were extended by the Knesset and eventually were included in ordinary legislation.¹²

SUBSIDIARY LEGISLATION

The authority of the Knesset to legislate is unlimited, but it is not the only source of legislation. Since it is not possible for the parliament in modern democratic government to consider all the details and refinements necessary for orderly administration, the Knesset, in accordance with the British system of delegated legislation, has conferred upon the Government certain authority to make regulations having the effect of law. Thus, ministers, municipal authorities and local councils, and various law enforcement officials perform some legislative duties within the limits prescribed by the Knesset. Such "subsidiary legislation" is valid so long as it does not exceed those limits.

Most statutes passed by the Knesset contain a specific provision empowering the responsible minister to implement the law by making subsidiary regulations and orders. When several ministers are concerned with the subject matter of a law, the authority is normally conferred on the Government as a whole. The line between legislation and implementing regulations has been interpreted very flexibly by the Knesset. Some statutes, like those on elections and voting procedures, deal with technical details; while others have delegated extraordinary discretion to the Government to promulgate all regulations deemed necessary to carry out the terms of the statute.

Some statutes authorize ministers to make regulations governing matters not dealt with in the statutes themselves. Especially in social legislation, this latter course has been followed. For example, the Discharged Soldiers (Return to Work) Law, 5709-1949, regulates the right of persons discharged from military service to return to their former jobs. Section 40 of the law provides that "any

¹² For example, Settlement of Emergency Requisition of Land Law, 5710-1949; Absentees' Property Law, 5710-1949; Civil Defense Law, 5711-1951; War Damage Compensation Levy Law, 5711-1951; and Military Jurisdiction Law, 5715-1955.

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Minister who is charged with the implementation of any law may . . . make regulations the purpose of which is to exempt discharged soldiers or war invalids from the provisions of such law . . . and to make regulations by which priority for obtaining licenses to engage in any profession, industry, trade, or commerce is granted to discharged soldiers or war invalids. . . . Regulations made under this law will override any other law.”¹³

In other areas of legislation, special forms of cooperation between the Knesset and the Government have developed. For example, the National Insurance Law provides that “The Minister of Labour may, with the approval of the Finance Committee of the Knesset, vary by order the rate of the premiums prescribed by [this Law], and, . . . vary the rate of the allocations of the Treasury to the Institute.”¹⁴ In the Tenants’ Protection Law, the Government is authorized to fix by regulations the minimum and maximum rates, and the rates of additions to the rents of dwelling-houses and business premises.¹⁵ In some instances of statutory authorization to the Government to issue subsidiary legislation in the form of regulations, the Knesset has retained the power to rescind such regulations by resolution within a specified time after the regulations have been published in the *Official Gazette*. In other cases, administrative regulations are scheduled to lapse after a specified time unless the Knesset affirms them by resolution. With respect to budgets, the Knesset has authorized the Minister of Finance to make certain changes in the statutory allocation of appropriations subject to the approval of the Finance Committee of the Knesset. Ordinarily ministers are empowered to fix fees payable by citizens for services received, but final decisions in levying taxes are in all cases determined exclusively by the Knesset.

Despite the variety in the formal relations between the legislative and executive branches, the line between legislation and execution is reasonably clear and has not led to serious difficulty for the

¹³ For other examples, see Families of Soldiers Killed in Action (Gratuities and Rehabilitation) Law, 5710-1950; Invalids (Gratuity and Rehabilitation) Law, 5709-1949; Invalids of the War Against the Nazis Law, 5714-1954; and Police (Invalids and Killed) Law, 5715-1955. I am indebted for these citations to “Legislation in Israel,” in *Government Year-Book 5716 (1955)*, p. 375.

¹⁴ National Insurance Law, 5714-1953, section 45. Reprinted in *Government Year-Book 5715 (1954)*, pp. 266-293.

¹⁵ The Tenants’ Protection Law, 5714-1954, sections 11 and 18.

THE LAW COURTS

State or the citizen affected by governmental action. There is growing recognition of the principle that the Knesset should "preserve its exclusive right to lay down the statutory rule" and "be careful not to encroach upon the field of operation of the executive authority."¹⁶

The treatment of certain questions indicates that the legislative-executive distinction is not entirely clear. For example, salaries of State employees were originally fixed by the Government. But in 1950, the Knesset and its Finance Committee were empowered to fix salaries of certain officials, including the President, judges, the State Comptroller, and members of the Government. In 1953, this arrangement was extended to salaries of Jewish Religious Court judges. In 1954, when the Bank of Israel was created, the law provided that the salary of the Governor of the Bank would be fixed by the Government while his pension would be fixed by the Finance Committee of the Knesset. Pensions of State employees were originally set by the Government, but under a 1955 statute they are established by statutory provision. Some of the variations in treatment probably indicate that the Government is not yet ready to submit a Draft Bill to the Knesset and prefers to carry on without benefit of permanent statute.

THE LAW COURTS

Under the Law and Administration Ordinance of May 19, 1948, the judicial system in force under the British Mandate was continued by the Provisional Council of State. Thus Israel incorporated into its constitutional framework a system of local and district courts headed by appointed judges who followed Mandatory principles and practices of trial without jury, presumption of innocence until guilt is proven, and availability of bail in criminal proceedings. In addition the Mandatory system of religious courts, which were inherited from the Ottoman Empire, was embodied in toto in the Israeli court system. These courts were supplemented by the Supreme Court, which was created by the Courts Ordinance of June 24, 1948, and actually inaugurated on September 14, 1948.

Today the law courts of Israel operate as an independent entity

¹⁶ "Legislation in Israel," *op. cit.*, p. 377.

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within the Ministry of Justice. Full independence of the judiciary from the Knesset and the Government is guaranteed under the Judges' Law, 5713-1953, which declares that the judges are subject only to the law and hold office during good behavior. Under the law, which has been influenced by American rather than British practice, all judges are nominated by an Appointments Committee consisting of the Minister of Justice, who presides; two members elected by the Knesset in secret ballot who continue to serve as long as they remain in the Knesset; three justices of the Supreme Court; two ministers; and two representatives elected by the council of the Israel Bar Association. Its nominations are forwarded to the President, who makes the appointments, subject to Knesset confirmation. This system has replaced the earlier method of appointment by the Minister of Justice and enhances the independence of the judiciary. Judges' salaries are fixed by the Finance Committee of the Knesset. Judges are required to retire at the age of seventy on pension. In 1956 nearly 100 judges were serving in the various courts of the land.

Because of the judiciary's deserved reputation for fairness and objectivity, judges are frequently asked to serve on special committees and tribunals. In recent years, for example, judges have served as presiding officers of the National Insurance Local Tribunal and Appeals Tribunal, the Rents Tribunal, the Central Elections Committee, and various public commissions of inquiry established in accordance with British practice. While the courts may not invalidate legislation, they have recommended to the Knesset ways of remedying defects and gaps in existing legislation. The Knesset, in turn, has established a tradition of considerable legislative respect for the judiciary. While it has taken the advice of the courts in certain cases in amending legislation, it has strictly refrained from interfering with the judgments of courts.¹⁷

The Supreme Court of Israel, consisting originally of six and now nine justices, is headed by a president and a permanent deputy president (or relieving president). It hears all cases with a bench of three justices, who are empowered to render decisions for the full Court. A bill advocated by the Minister of Justice in 1955, however, would provide that decisions of the Court sitting as a body

¹⁷ For instances of judicial recommendations in legislative matters, see "Legislation in Israel," *op. cit.*, p. 380.

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of three justices may be reviewed by the Court sitting as a body of seven justices if the Court believes that the matter is sufficiently important to warrant further consideration.¹⁸ The Court exercises three main functions. It serves as the High Court of Justice to hear charges of arbitrary and illegal actions by public authorities; it sits as the Court of Civil Appeal to hear cases on appeal from the civil courts; and it sits as the Court of Criminal Appeal to hear cases on appeal from the criminal courts. In addition, it may from time to time sit as a special tribunal or Maritime Court. Justices receive the same salary as cabinet ministers, and the salary of the Chief Justice is equivalent to that of the Prime Minister.

The Court is best known for its work as High Court of Justice, in which it has placed special emphasis on protecting the rights of citizens and residents who have come into conflict with the Government. In order to protect citizens against arbitrary or illegal behavior by public authorities in a highly centralized government, the High Court will adjudicate requests for a prerogative writ (*habeas corpus*, *mandamus*, or *certiorari*) and consider the issuance of an order *nisi*, when it thinks that a plea on its face presents a legal grievance. Such an order requires the appropriate public official to show cause why the Government's action should not be rescinded as illegal. In determining the legality of Government action, the Supreme Court cannot invalidate legislation as unconstitutional. In legislative matters, the Knesset is supreme. However, the Court may interpret legislation to see whether public officials have exceeded the authority granted them or whether they have correctly followed the standards, procedures, and policies laid down by the Knesset.¹⁹ To illustrate, in the first half of 1956, the Supreme Court, as High Court of Justice, ruled that:

1) an income tax exemption for companies was not retroactive but criticized the income assessing officer because he had corrected an excessive assessment so late;²⁰

¹⁸ A Courts Bill incorporating this proposed change passed its first reading in February 1955 but died in committee. Substantially the same bill was reintroduced in the Third Knesset on November 15, 1955, by the Minister of Justice.

¹⁹ For an able account of American influences on the Court, see Uriel Gorney, "American Precedent in the Supreme Court of Israel," *Harvard Law Review*, vol. 68 (May 1955), pp. 1194-1210.

²⁰ *Kaiser-Frazer Ltd., Petitioners v. the Assessing Officer (Haifa) and others*, H.C. 34/56.

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2) a petition by a prisoner that he had been unlawfully deprived of cigarettes and exercise by prison authorities was without merit;²¹

3) land requisitioned by the Government to build a park in the city of Tiberias did not violate property rights;²²

4) the city of Tel Aviv could not control the sale of pork because the sale of pork is a religious issue, which falls within the exclusive jurisdiction of the Knesset;²³

5) a district officer of the Custodian of Absentees' Property had acted unwisely by giving a second respondent a quarrying license while the petitioner's application for a quarrying license was still under judicial determination, and the first respondent was entitled under the law to the license despite grave complexities involving Moslem religious law and contested ownership of the quarry;²⁴

6) a bank robber sentenced to a four-year jail term had been properly tried even though the judge who had passed sentence on him had, before his case was tried, sent in a letter of resignation to the proper authorities and later had withdrawn it;²⁵ and

7) the Minister of Education had not acted improperly by discharging a teacher on the ground that she preached communism to her pupils and attempted to persuade them to act in a way prejudicial to the State.²⁶

In hearing a petition for a writ of *habeas corpus*, the High Court normally hears the case within twenty-four hours and hands down its decision within a week.

As the highest court of civil appeal, the functions of the Supreme Court are rather routine. On criminal appeals, however, the cultural and religious diversity of Israeli society creates extremely

²¹ George Holzer, *Petitioner v. Governor of the Central Prison, Ramle*, Respondent, H.C. 76/56.

²² Yosef Haim Dvick, *Petitioner v. Minister of Finance and others*, Respondents, H.C. 1245/55.

²³ Sherut Mazon Ltd. and others, *Petitioners v. the Tel Aviv Municipal Council and others*, Respondents, H.C. 117/55; and Siegfried Freidi, *Petitioner v. the Tel Aviv Municipal Council and others*, Respondents, H.C. 72/55.

²⁴ Boulous Hana Boulous, *Petitioner v. Acre District Officer and others*, and Zadok Jijavsky, Respondents, H.C. 69/55.

²⁵ Eliezer Brandwein, *Petitioner v. Director of Prisons and Benyamin Halevi*, Respondents, H.C. 19/56.

²⁶ Shoshana Katz-Shmueli, *Petitioner v. Minister of Education, the Director-General of the Ministry of Education, and the Principal of the David Remez School, Kiryat Shalom*, Respondents, H.C. 76/55.

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complex problems involving sociological and psychological difficulties. In dealing with young immigrants who have found adjustment to Israel difficult because of separation from families or rejection of new patterns of life, the Court has sought to temper justice with mercy and has frequently been lenient in its judgments in order to find ways of keeping young offenders out of prison.

TABLE 4

Supreme Court Cases, Twelve Months Ending April 1, 1955 and April 1, 1956

	<i>Pending</i>		<i>Filed</i>		<i>Decided</i>		<i>Pending</i>	
<i>Type of Appeal</i>	April 1, 1954	April 1, 1955	April 1, 1954-1955	1955-1956	1954-1955	1955-1956	3/31/1955	3/31/1956
Civil Appeals	587	531	379	313	435	404	531	440
Criminal Appeals	117	113	304	285	308	330	113	68
Petitions to High Court of Justice	89	61	165	203	193	220	61	44
Motions, Misc. Petitions	57	47	352	304	362	312	47	39

Source: *Government Year-Book 5716 (1955)*, p. 255; and *Government Year-Book 5717 (1956)*, p. 328.

Directly below the Supreme Court in the judicial hierarchy are the three district courts, in Tel Aviv, Haifa, and Jerusalem, with jurisdiction over lower courts. District courts, staffed by thirty to forty judges, act as Courts of First Instance in processing the more important civil and criminal cases, and as Courts of Appeal in both civil and criminal matters. First instance cases are heard by a single judge, but all cases in appeal are heard by three judges. On March 1, 1955, a District Court hearing only cases on first instance was opened in Nazareth for the convenience of the Arab community centered there. District Courts are usually divided into civil and criminal sections and are headed by a president and one or more relieving (deputy) presidents.

The main burden of original cases is carried by seventeen Magistrates' Courts and four Municipal Courts located in seventeen cities and towns and a group of special Juvenile Courts in the major cities which hear cases involving juvenile offenders separately. Magistrates' Courts are divided into six districts, two of which are supervised by each of the three District Courts. The presiding

judge is the chief magistrate and the other judges are called magistrates. The magistrate in Nazareth is an Arab. Under a 1954 statute, Magistrates' Courts may handle civil claim cases up to IL. 1,500 (previous limit was IL. 250), and magistrates may sentence a convicted person up to two years (previously one year) in prison and fine him as much as IL. 3,000 (instead of IL. 100), but the right of appeal in criminal cases was broadened.²⁷ Another 1954 statute established Tenancy Tribunals in selected Magistrates' Courts served by magistrates devoting full time to cases involving landlord-tenant problems. In smaller cities and towns, the regular Magistrates' Courts hear the tenant cases.²⁸ In the largest cities, Municipal Courts with lesser jurisdiction handle minor offenses against municipal by-laws and relieve the Magistrates' Courts of petty cases. Since 1954 they are empowered to levy fines up to IL. 750, and the right of appeal is granted against any conviction. The act also empowers the Minister of Justice to establish Municipal Courts in smaller communities classified as local councils. Thus four levels of courts are developing in Israel, largely on the pattern of the Mandatory judiciary: Municipal and Magistrates' Courts hearing cases in the first instance; District Courts, hearing primarily cases on civil and criminal appeal; and the Supreme Court, the court of last resort.

Changes in the judicial structure have been widely discussed in Israel, but the Mandatory pattern still remains. In 1953 some lawyers proposed establishing a special administrative tribunal to do some of the work now handled by the badly overworked Supreme Court. Because of the importance of its work as High Court of Justice, the Court has occasionally had to postpone important criminal and civil appeals. Presumably an administrative tribunal would hear all petitions against the Government, subject only to limited appeal to the Supreme Court. The purpose of the plan was to enable the Court to devote more time to its appellate function. It was frankly based on the *Tribunaux Administratifs* of France, headed by the *Conseil d'Etat*. It was met with considerable opposition within the judiciary itself and from outside. The Supreme Court, as the High Court of Justice, has won a reputation as

²⁷ Magistrates' Courts Jurisdiction Ordinance (Amendment) Law, 5714-1954, amending a 1947 ordinance.

²⁸ Tenants' Protection Law, 5714-1954.

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vigorous champion of the citizen against arbitrary acts of party-minded or inexperienced administrators. It has maintained meticulous objectivity, moral integrity, and professional competence. There was doubt whether a new administrative tribunal would be able to function so well in a delicate area of citizen-government relations.

In addition to the ordinary civil and criminal courts of Israel, separate religious courts deal with matters of personal status and religion, and a system of military courts has jurisdiction over cases involving military personnel. Rabbinical courts have exclusive jurisdiction in matters involving marriage, divorce, alimony, and other aspects of personal status of Jews in Israel, whether they are citizens or residents.²⁹ Similar courts for Moslems and Christians have comparable jurisdictions. Generally, judges of Rabbinical courts are appointed in the same manner as other judges, and their judgments are enforced by the civil courts, which can refuse, however, to execute judgment on the ground of excess of jurisdiction or authority. Such refusal can be tested in the Supreme Court sitting as the High Court of Justice.³⁰

The maintenance of religious courts separate from the ordinary civil and criminal courts has created some difficult problems for the new State, but the observer of daily life and governmental problems in Israel tends to be much less concerned about the complexities created by religious courts than are American analysts, whose standard of judgment is the traditional American separation of church and state.

An independent system of military tribunals can convict soldiers and persons defined as military personnel for military offenses and for civil offenses committed within army bounds or as the result of connection with the army. A comprehensive statute of 1955 includes four separate codes of military law: criminal law, organization of military tribunals, judicial procedure, and military disci-

²⁹ See R. Gottschalk, "Personal Status and Religious Law in Israel," *International Law Quarterly*, October 1951, pp. 454-461; G. J. Webber, "The Law and the Law Courts," in Israel Cohen, ed., *The Rebirth of Israel* (London: Edward Goldston and Son, Ltd., 1952), pp. 198-216.

³⁰ The status and jurisdiction of the Rabbinical courts are outlined in two statutes: Rabbinical Courts Jurisdiction (Marriages and Divorces) Law, 5713-1953; and the Dayanim Law, 5715-1955.

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pline rules.³¹ The structure includes ordinary courts composed of soldiers and a Court of Military Appeals. The Chief of Staff or the district judiciary officer may reduce sentences. The death penalty is available only for treason, provided it is committed in time of war and in battle.

RECENT LEGAL DEVELOPMENTS

Since 1948, there have been a number of important developments in judicial practice.

The introduction of *trial by jury* has been proposed several times. The basic argument against it, which has prevailed, was stated by the Minister of Justice, Mr. Pinchas Rosen, in the debate on the Courts Bill in November 1955:

Even in England and the United States, the jury system is under serious attack and in Israel there are additional arguments against it. We are a State of the Ingathering of the Exiles and we are still far from the fusion of the Exiles. The various parts of the population differ in every respect: in their psychology, in their education, in their approach to world affairs, and, to our sorrow, in their language. What appears to one person to be a serious crime, to another is a matter of indifference—and they are both right, according to their lights.³²

A new scale of *witness fees*, adopted in 1954, is more realistic than the former scale. An expert receives IL. 10 for testimony, and witnesses receive IL. 5 per day to compensate for loss of earnings, and IL. 4 per night for lodging away from home.³³

Under a 1955 statute, *children* are protected against exposure to mental strain in giving evidence or in cross examination about immoral acts.³⁴ Other statutes allow *mental patients* to be committed to a hospital only on the basis of a court order or medical documents, and then only if committal is necessary for the patient's recovery or the public's protection. A right of appeal is granted to the

³¹ Military Jurisdiction Law, 5715-1955; replacing Emergency Regulations (Jurisdiction Code), 5708-1948, on January 1, 1956.

³² Quoted in *The Jerusalem Post*, November 23, 1955.

³³ Witness (Fees) Rules, 5714-1954.

³⁴ Rules of Evidence (Protection of Juveniles) Amendment Law, 5715-1955.

RECENT LEGAL DEVELOPMENTS

person and to others concerned.³⁵ In making other legal arrangements, courts may rely in certain cases on surveys and reports by competent social workers.³⁶

In 1954, the Minister of Justice finally won a four-year crusade to *eliminate capital punishment*, although he did not succeed in eliminating it for the crime of treason or for persons convicted of aiding Nazis.³⁷

In 1954 the Knesset superseded the Extradition Ordinance of the Mandatory and the Imperial British Act of 1881 governing criminal fugitives with a new statute limiting *extradition* of persons living in Israel to countries that have a reciprocal agreement with it. It also forbids extradition for political or other offenses if the intention is to penalize a person for a political offense or if the possible penalty is based on racial, national, or religious discrimination.³⁸

Under recent legislation, three innovations have been introduced. *Imprisonment* may be ordered conditionally; courts imposing sentences exceeding one year must study reports of probation officers in order to determine the length of sentences; and committees of experts are created to help decide when to recommend release of prisoners who have been sentenced to terms exceeding six months.³⁹

Special legal measures have been devised for treating cases of *infiltration*, that is, unlawful entry into Israel for purposes of committing espionage or sabotage or endangering the nation's security. Infiltration has been defined as a crime against the State and makes a person liable to imprisonment up to five years and a fine of IL. 5,000. Returning infiltrators are liable to more severe sentences, and marauders bearing firearms may be committed for life. Instances

³⁵ Care of Mental Patients Law, 5715-1955.

³⁶ Probation (Legal Arrangements for Minors, Mental Patients and Missing Persons) Law, 5715-1955.

³⁷ The first bill for abolition of the death penalty was filed on July 10, 1949. The first reading in the Knesset took place on July 3, 1950. The First Knesset dissolved before the Committee on Constitution, Law, and Justice completed its consideration. The bill was reintroduced in the Second Knesset. The first reading lasted from November 27, 1951, to February 26, 1952. After lengthy consideration and modification by the Committee, the bill was passed on February 16, 1954, as the Penalties Amendment (Abolition of Death Penalty for Murder) Law, 5714-1954.

³⁸ Extradition Law, 5714-1954.

³⁹ Penal Law Revision (Methods of Punishment) Law, 5714-1954.

of infiltration are handled by Special Courts for the Prevention of Infiltration.⁴⁰

In 1950 the Ministry of Social Welfare, the Ministry of Justice, and the Israel Bar Association developed a plan for legal aid administered by the three judicial districts of the country. *Legal aid* is available to indigent persons on certificate of indigence from District Welfare Officers. Legal aid services were launched under the plan in 1953, and in three years some 3,000 cases have received legal aid, not including instances of on-the-spot legal advice given by the district directors of legal aid who are Government officials. For example, in the Jerusalem district, for the year ending March 31, 1956, 250 legal aid cases were opened. Of these 35 per cent dealt with problems of personal status, such as maintenance claims, divorce and separation proceedings, and adoption of children; 15 per cent concerned civil wrongs such as road and work accidents; 20 per cent dealt with landlord-tenant disputes; 10 per cent involved criminal cases; and 20 per cent related to miscellaneous matters including income tax issues and acquisition of licenses and permits. An assisted person does not have to pay court fees until his case is decided, but if he wins the case, he must pay in full. If he loses, he may apply for release from payment while the person who has won the case must pay his own costs and lawyers' fees.

Legal aid in Israel has not yet been placed on a statutory basis. Unlike the operation of the legal aid system in England, the administration of the Israeli scheme falls on the Government, but this practice has not seemed to impair its proper functioning. The legal aid system has instituted a limited social welfare service including a review of the social and economic status of applicants, arranging for medical and psychiatric examinations, and obtaining employment and financial assistance for the destitute.

The Law Council which supervises legal training and forms the *court of discipline* for lawyers is composed of 32 members, including 9 representing the State; 22 representing the Israel Bar Association; and the Dean of the Law Faculty of the Hebrew University. It holds examinations for law candidates, controls the certification of lawyers trained abroad for practice in Israel, and appoints committees of inquiry to investigate complaints against lawyers.

⁴⁰ Prevention of Infiltration (Offences and Jurisdiction) Law, 5714-1954.

Despite the real difficulties inherent in a dual system of secular and religious courts, the most significant characteristic of the administration of justice in Israel is the deep commitment to Anglo-American conceptions of the rule of law. In this area of governmental theory and practice, Israel has had the double advantage of the wisdom of the Biblical prophets and the English judges. As one legal writer has written:

Our prophets created the idea of the supremacy of the law and strove to bring about the control of legislation over the affairs of the individual and those of the public, while the English judges put that idea into practice and translated that aspiration into the language of the present day in the daily affairs of the modern state.

Holy Writ formed an important foundation for the education of the English judges and exercised a great influence upon their spiritual development, so that they may have to a great extent drawn the principles of law and justice from the sources of the Jewish spirit. However that may be, it is clear that the attitude of the State of Israel and its legislators towards the problems of the law is derived from both sources; the words of the Law and the prophets beat in their hearts from the early days of their childhood; while as to the rules of the English law, all those engaged in the task of legislation have absorbed such rules, either from having received their professional education in one of the countries where the English system obtains, or from having lived and worked in Palestine at the time when administration, law, and justice were English.⁴¹

⁴¹ "Legislation in Israel," *op. cit.*, p. 372.

Chapter 5 Cabinet and President

CONSTITUTIONAL STATUS OF THE CABINET

The organization of executive power in the government of Israel follows western parliamentary models. The Government (cabinet) is formed by a member of the Knesset, who is charged with that task by the President. Cabinet members may be drawn either from or outside the Knesset. The head of the Government is designated Prime Minister. The entire cabinet is collectively responsible to the Knesset and remains in office only if it retains parliamentary confidence. Resignation of the Prime Minister automatically involves resignation of the full cabinet. The outgoing cabinet continues in office until a new Government is confirmed by the parliament.

In the first decade of statehood, the Government thoroughly dominated the Knesset. Through their control of the parliamentary agenda and initiation of almost all legislative proposals, leading members of the Government have been preeminent in the legislative process. They have shaped major policies and decided important issues. As leaders of parties that are governed normally by stern discipline in the Knesset, ministers have been authoritative spokesmen of party policy. As officials responsible for day-to-day direction of government programs, they are slowly developing a more national, less particularistic, approach to politics. Loyalty toward party is being subordinated gradually to a more embracing loyalty to the State and nation.

The constitutional status of the Government is defined in the Transition Law of February 16, 1949. Sections 9 and 10 specify the manner of the formation of the Government:

9. After consultation with representatives of the party groups within the Knesset, the President of the State shall entrust a member of the Knesset with the task of forming a Government.

10. The Government shall consist of the Prime Minister and of a number of Ministers, who may or may not be members of the Knesset.

CONSTITUTIONAL STATUS OF CABINET

Section 11 of the Transition Law establishes rules for composition of the Government:

(a) The Government, on being formed, shall immediately present itself to the Knesset. It is constituted when it has received an expression of confidence from the Knesset.

(b) Within seven days of the date on which the Government obtains such a vote of confidence, the Prime Minister and the other Ministers shall read and sign before the Knesset the following declaration:

"I, (name), as a member of the Government, pledge myself to be loyal to the State of Israel and to its laws, and to comply with the decisions of the Knesset."

(c) The Government shall be jointly responsible for its activities in the Knesset, shall report to it on its activities, and shall hold office as long as it enjoys the confidence of the Knesset.

The last provision of the 1949 law provided that "A Government which receives a vote of non-confidence from the Knesset, or which has decided to resign, shall immediately tender its resignation to the President of the State, but it shall continue to exercise its functions pending the constitution of a new Government in accordance with the provisions of this law."

Relationships within the Government as well as the proper procedure for dealing with a government crisis were not spelled out clearly. The Law failed to answer a number of problems, including the extent to which changes in the Government affected its continuance in office or its relations with the Knesset; whether a new Government was obliged to inform the Knesset of the distribution of duties among ministers; and whether a resignation by the Prime Minister forced a resignation of the entire Government. Some perplexing situations arose in the first years concerning the Government's relation to the Knesset. For example, is the Government required to inform or seek the approval of the Knesset when a new minister is appointed to fill a vacancy? May the Prime Minister redistribute duties among ministers without obtaining Knesset approval? Will an increase or decrease in the number of ministers affect the tenure of the Government?

In order to fill these gaps, the Government prepared a draft bill for Knesset debate in February 1951. However, a majority of the Knesset considered it improper to introduce an amendment to the Transition Law pending the election of the Second Knesset. The bill was shelved temporarily, and the position of the Government was clarified finally in two amendments passed in 1952.

A new Government seeking a vote of confidence from the Knesset now must announce the distribution of ministerial portfolios. An established Government must merely inform the Knesset of the resignation of a minister and changes in the distribution of portfolios among ministers, but before a new minister is added to the Government, it must win the approval of the Knesset. The resignation of the Prime Minister brings down the entire Government. And the Government may transfer to another minister in whole or in part any powers that have been conferred by law on any other minister provided a resolution to this effect is published in the *Official Gazette* and the Knesset is so notified.¹

Prior to the enactment of these amendments, any permanent change in the composition of the cabinet had required the full procedure of resignation and reconstitution of the cabinet. Except for changes affecting the Prime Minister directly, the amendments made possible individual resignations from the cabinet and changes in ministerial assignment subject to Knesset notification.

Since 1952, therefore, resignation of the Government is compulsory in only two instances: the resignation of the Prime Minister or a legislative vote of no confidence. Originally all parties wanted to retain some measure of control over a Government coalition, and coalition partners feared that a powerful Prime Minister might strengthen his position at their expense by manipulating ministerial portfolios. After four years of practical politics, they were willing to introduce more flexibility into the composition of the cabinet provided the Knesset retained the right to sanction or reject new appointments to the Government.

¹ The first three provisions are set forth in Transition (Amendment No. 2) Law, 5712-1952, enacted June 24, 1952; the fourth provision can be found in Transition (Amendment No. 3) Law, 5712-1952, enacted August 20, 1952. The amended text of the law as of July 9, 1952, is available in State of Israel, *Government Year-Book 5713 (1952)* (Jerusalem: Government Printing Press, 1952), pp. 210-212.

CABINETS AND MINISTERS

From 1948 to 1957, eight Governments functioned in Israel, six of which were headed by Mr. David Ben Gurion and two by Mr. Moshe Sharett. Out of seven collective cabinet resignations, only one crisis (which led to the termination of the First Knesset) was due to a lack of a parliamentary majority. And in that case, the issue was not officially a confidence measure, although the Prime Minister had announced that the Government would regard the vote as such. In all other cases, resignations resulted from causes not involving a loss of parliamentary majority; for example, the resignation of a Prime Minister for personal reasons, the formation of a new Government following the election of a new Knesset, refusal by a coalition party to affirm the cabinet's collective responsibility, or minor clashes between the coalition partners.²

In nine years of statehood, two men have served as Prime Minister and only thirty-two other persons have served as ministers. Ordinarily there has been little turnover in the Government despite changes in the party composition of the coalition; as in France, the same ministers generally return. For example, in the Ben Gurion Government formed after the Third Knesset elections in which Mapam and Achdut Ha'avoda participated for the first time since 1948, only six new ministers actually took office, two of whom represented the dominant Mapai party. Nine other ministers had varying years of experience in previous coalitions, including one who served continuously since 1948, Mr. Behor Shitreet, Minister of Police. Until his resignation in June 1956, Mr. Sharett had also served continuously since 1948 as Minister of Foreign Affairs. Ben Gurion himself had served as Minister of Defense continuously except for about one year (1954) spent in voluntary retirement. The average ministerial term has covered three Governments. Several other Mapai ministers have served in as many as four to seven coalition Governments, while scarcely one third of the ministers have served only once. A low rate of turnover may be inevitable in a new State; nevertheless, it illustrates a lack of opportunity for younger members of coalition parties to advance to positions in the

² For further discussion of the formation and resignation of the various Governments, see Chap. 2, pp. 46-51.

TABLE 5 Government Coalitions, 1949-1957

<i>Headed by</i>	<i>Confirm- ing Vote in Knesset</i>	<i>Beginning</i>	<i>Ending</i>	<i>Term of Office</i>	<i>Reasons for Resignation</i>
1. Ben Gurion	—	May 11, 1948	March 10, 1949	10 mos.	End of Provisional Government and Election of First Knesset
2. Ben Gurion	73-45	March 10, 1949	Nov. 1, 1950	12 mos.	Resignation of Prime Minister after Govt. defeat on minor issue
3. Ben Gurion	69-42	Nov. 1, 1950	Oct. 8, 1951	11 mos.	Cabinet crisis over education issue leading to Election of Second Knesset
4. Ben Gurion	56-40	Oct. 8, 1951	Dec. 23, 1952	14½ mos.	Effort of Mapai to broaden coalition following withdrawal of Agudat Israel on issue of military service for orthodox women
5. Ben Gurion	63-24	Dec. 23, 1952	Jan. 26, 1954	13 mos.	Resignation of Ben Gurion for personal reasons
6. Sharett	75-23	Jan. 26, 1954	June 29, 1955	17 mos.	Refusal of General Zionists to support Coalition in no confidence motion concerning the Kastner case
7. Sharett	66-32	June 29, 1955	Nov. 2, 1955	4 mos.	Temporary Government until new Government was formed following election of Third Knesset
8. Ben Gurion	73-22	Nov. 2, 1955			

RESPONSIBILITY IN THE CABINET

Government. This situation has created considerable uneasiness among younger politicians whose opportunities for election to the Knesset have been slim and who, if elected, would exercise little influence as back-benchers.

The average tenure of Israeli cabinets has been about one full year, but these frequent changes have seldom produced radical re-direction of policy. Governments have usually included twelve to fifteen ministers in addition to the Prime Minister.

COLLECTIVE RESPONSIBILITY IN THE CABINET

One troublesome aspect of developing executive power has been the difficulty of building and enforcing a tradition of collective responsibility of cabinet members in a coalition Government operating in an environment of intense partisanship. During the period of the Provisional Government, the issue was scarcely raised because of the high degree of unity achieved throughout the country. Early in 1949, the principle of collective cabinet responsibility was embodied in the constitutional system by the terms of the Transition Law and affirmed by the *Fundamental Principles*, the platform adopted by the first constitutional Government. While Mapai, the core of all coalition Governments, has stressed the requirement of coalition discipline, leaders of smaller coalition parties frequently have been unwilling to compromise their political principles in the interest of stable government. Readiness to abandon collective cabinet responsibility has forced upon Mapai leaders an exasperating burden of patching up coalition alliances. In the process, the task of governing has become exceedingly wearing.

The issue was effectively presented by Prime Minister Sharett's resignation in June 1955, because the General Zionist ministers, although members of the coalition, had abstained from voting on a non-confidence motion presented by Herut:

The General Zionist Ministers apparently assumed that even after the abstention on the vote of non-confidence in the Government of which they are members, they could remain in it. This assumption does not seem reasonable to me.

I hereby assert that by their abstention, the General Zionist Ministers broke the most basic rule of any coalition government

which is in the nature of an axiom of collective responsibility. By abstaining, it was as if they said that they were doubtful whether this Government, of which they themselves are members, is worthy of the confidence of the Knesset, and that it did not matter to them if it would fall as a result of this vote.

Such a practice is bound to destroy the stability and undermine the foundations of any future coalition government. It is a complete negation of every elementary concept of collective responsibility, without which no regular parliamentary government in a democratic country can survive. The Government, with all the groups and individuals which make it up, must appear as one solid body, otherwise it is not a government at all. There is a supreme and decisive national reason for observing most jealously this central principle, for not deviating from it, and not compromising with its violation. A party which does not understand this simple truth demonstrates its lack of political maturity and its fitness for partnership in a democratic coalition. . . . I felt it my duty and an imperative necessity for the Government as a whole not to acquiesce in this pernicious precedent, which dooms Israel statecraft in its formative period—and that is why I resigned.³

Under prodding by Ben Gurion and Sharett, the coalition formed after the 1955 election once again reaffirmed the principle in its platform:

The Government will be formed on the basis of collective responsibility binding upon all its members and constituent parties. This collective responsibility covers a working programme agreed upon in advance and applies also to all decisions taken by the Cabinet.⁴

The first important test of the principle in the new Government came in May 1956. Herut and Agudat Israel had submitted no-confidence motions censuring the Government for permitting a municipal industrial exhibition in Haifa to open on the Sabbath. Herut

³ Sharett's remarks to a press conference, reported in *The Jerusalem Post*, June 30, 1955.

⁴ "Basic Premises of the Government," Chapter I, Principles, full text in English in *The Jewish Agency's Digest*, vol. 9, November 11, 1955, and November 18, 1955, pp. 251-254 and 283-286.

aimed to embarrass the Government and perhaps secure its resignation; the motion of Agudat Israel was based on religious principle. In the vote on the latter motion, all members of Hapoel Hamizrachi-Mizrachi abstained, including the party's two Government ministers. Although the motion lost by a vote of 3-52, with 33 abstentions, Ben Gurion viewed the abstention of ministers in a no-confidence vote as a serious violation of the agreement to uphold collective responsibility. No action was taken against the ministers of Hapoel Hamizrachi-Mizrachi. However, the cabinet resolved on May 13, 1956, that in the future when a minister for reasons of conscience feels unable to support the Government on a confidence motion, he is obliged to resign before the vote is taken. On motions not involving confidence in the Government, ministers may request the permission of the cabinet to abstain or even to vote against the Government. While the new rule clearly applies to ministers, its applicability to Knesset members of the coalition parties is uncertain.

Perhaps more notable than the new rule itself is the fact that the religious parties once again were merely rebuked rather than punished for violating collective responsibility even though the violation occurred only a year after the General Zionists had been punished severely for the same offense. Such differential treatment indicates that Mapai is not strong enough to apply the rule automatically without regard to the circumstances of the immediate situation and without appraising the partisan advantages of taking or not taking action. The willingness of Hapoel Hamizrachi to support Mapai on non-religious issues has restrained Mapai from penalizing the party. In the case of the General Zionists in June 1955, Mapai hoped to gain politically from the resignation of the Government by demonstrating the political immaturity of the General Zionists in breaking the coalition only one month before the 1955 election. Since Mapai and its other coalition partners had majority control of the Knesset without the General Zionists, they were in no danger of upsetting their domination of the Government.

Ministers are required to take an oath to "be faithful to the State of Israel and its laws and observe the decisions of the Knesset." The oath seems to place no special requirement upon ministers that does not also bind ordinary citizens. Clearly the oath does not

pledge the minister to secrecy concerning cabinet discussions and decisions, although such secrecy is a necessary corollary of collective responsibility. In a welfare state that carries the main burden of national security and absorption of immigrants, premature publication of decisions or leakage of confidential data might have extremely serious consequences. Thus far the secrecy of Government proceedings has been fairly well maintained. But given the intensity of partisan politics in Israel, it may be risky to rely exclusively on convention to prevent ministers from divulging cabinet proceedings.

The fundamental consequence of the absence of collective responsibility is the impairment of the capacity of the Government to act wisely and carry out its decisions quickly. Israeli experience highlights the obstacles in the way of establishing and enforcing it so long as men of different backgrounds and opinions have not yet been welded into an efficient governing body.

FORMATION OF THE GOVERNMENT

The pervasive influence of party on Israeli politics is nowhere in greater evidence than in the process of bargaining among prospective coalition partners for portfolios. At best the formation of a government is extremely tedious, and the process itself has tended to degrade democratic politics and undermine the prestige of public service. The bargaining is almost unlimited in scope and has ranged widely over the entire political scene. As Ben Gurion's effort to form a new Government following the 1955 election demonstrates, it encompasses the assignment of Knesset committee chairmanships, the election of mayors in the larger cities and towns, and, within the Government, changes in administrative jurisdiction of ministries and allocation of deputy ministers to the parties.

Coalition bargaining has no constitutional limitations. There is no legal limit to the number of ministers in the Government, and since 1952 the Prime Minister has had greater leeway in determining the distribution of functions among ministries. He may split a ministry into two or more ministries, as Ben Gurion did in December 1952 in separating Posts and Telegraph from the Ministry of Communication in order to give Hapoel Hamizrachi a portfolio

FORMATION OF THE GOVERNMENT

and at the same time make room for the number of General Zionist ministers agreed upon by the coalition.

The accommodation of the structure of the Government to serve coalition needs is a continuing process that displays ingenuity. For example, on October 30, 1950, when a new Government presented itself to the Knesset for approval, the Prime Minister declared:

The members of this Government, should it be approved, shall have the right to appoint deputies from among members of the Knesset, to whom the Ministers shall assign part of their authority, but the appointment of a deputy will not absolve the Minister of his full responsibility for all acts of his Ministry, or of his part in the collective responsibility of Government.⁵

In 1951, this declaration was confirmed by an amendment to the Transition Law authorizing a minister, with the approval of the Government, to appoint one deputy minister from among the members of the Knesset.⁶

In theory the amendment was designed to relieve the burden of legislative work that otherwise falls entirely on the minister. In practice, however, ministers have generally preferred to handle legislative affairs themselves. Appointment of deputies has been used primarily to cement coalition agreements. In 1956, one deputy seemed to become insufficient for coalition purposes, at least in the Ministry of Education and Culture where Mapai wanted a deputy in addition to one representing Hapoel Hamizrachi-Mizrachi. An amendment to the Transition Law authorizing a second deputy for each ministry passed the Knesset on May 29, 1956.

The time required to constitute a Government is very long because of coalition bargaining. After the election in 1955, the President requested Ben Gurion on August 18 to undertake the task of forming a new Government. Ben Gurion promptly announced his intention to "make every effort to speed up the formation of a government which would include all parties which had participated in the Provisional Government" (Mapai, Mapam, the religious

⁵ Quoted in State of Israel, *Government Year-Book 5712 (1951/52)* (Jerusalem: The Government Printer, 1951), p. 6.

⁶ Transition (Amendment) Law, 5711-1951; reprinted as Part IV of the amended Transition Law in *Government Year-Book 5713 (1952)*, pp. 211-212.

parties, the General Zionists, and Progressives, but not Herut or the Communists).⁷ After his acceptance of the President's invitation, he read to reporters the following statement:

The President this morning charged me with the formation of a government. This is perhaps the most difficult task there is in Israel today. I shall do my best to carry out the wish of the President with regard to the formation of as broad a government as possible.⁸

Ben Gurion had not exaggerated. Eleven weeks passed before he was able to present a coalition for the Knesset's approval. As early as August 22, Ben Gurion had proposed to his prospective coalition partners a Government composed of sixteen ministries, of which Mapai would be allocated eight, Hapoel Hamizrachi-Mizrachi, Mapam, and Achdut Ha'avoda two each, and the Progressives and Agudat Israel-Poalei Agudat Israel one each. Although the battle of the portfolios lasted over two months, the final result was remarkably similar to Ben Gurion's original proposals. The Progressives were reported to have demanded two ministries, but they were apparently prepared to renounce one in return for substantial reform in the administration of the labor exchanges. Achdut Ha'avoda opposed any change in the administration of the labor exchanges but seemed to be willing to compromise provided they were assigned the Ministry of Agriculture. Mapam's position was similar to that of Achdut Ha'avoda: concessions on policy in return for control of the Ministry of Labor. Hapoel Hamizrachi was particularly interested in control over the Ministry of the Interior. They also wanted the Ministry of Education in order to influence matters of religious education in the public schools but were widely reported to be willing to forego either or both ministries in return for major concessions in matters of religious legislation. The Aguda parties were excluded.

Certain patterns in constructing a new cabinet have already emerged. As the major coalition partner, Mapai has always retained control of the strategic Ministries of Foreign Affairs, Defense, and Finance, and it will not consider any allocation of portfolios that

⁷ Ben Gurion quoted in *The Jerusalem Post*, August 19, 1955.

⁸ *Ibid.*

would disturb its control of these key ministries. On the other hand, certain quasi-traditions in ministerial assignments have developed. For many years the Ministry of the Interior was controlled by Hapoel Hamizrachi, and the Ministry of Justice has almost always been allocated to the Progressives, whose independence has helped to assure a nonpartisan, objective judiciary.

Delays of seven or eight weeks in the formation of a new Government have been common. For example, after Ben Gurion resigned for personal reasons in December 1953, fifty-three days were required to cement a coalition agreement that produced a Government closely similar to the one it superseded. In this case, the tedious process of negotiation among the parties had begun two months before Ben Gurion's resignation. Apparently every plausible alternative pattern of coalition agreement was explored and discarded before the previous coalition could be reconstructed. At least the delays caused in 1951 by the need to arrange the complex details of the election to the Second Knesset are not likely to be repeated now that a Voters' Registry is available and censuses of inhabitants are regularly taken.

The exasperating repetition of cabinet-making that follows the voluntary or forced resignation of governments has not increased the prestige of government. To the highly political citizens of Israel, the laborious piecing together of a new government resembles a game of political "musical chairs." It has a diverting quality, but it inevitably saps the creative energies of the political institutions of the State. It has become a process in which minority parties representing fragments of the voting public meet in time-consuming political sessions in order to determine their minimum conditions for joining the majority. Little satisfaction has been found in a system that seems to require one to two months to form governments that endure for about one year.

While a new government is being formed, the previous Government continues in office. As a caretaker government, however, it lacks the confidence of the Knesset and is itself reluctant to consider new legislative proposals. Ironically caretaker governments have frequently ushered in periods of political tranquility and apparent peace marred only by the bargaining among the prospective coalition partners. Nevertheless, such marking of political time has

endangered the capacity of the State to deal with urgent issues of public policy.

At present there is no limit to the time taken by a Prime Minister-designate to form a government. Occasionally proposals have been made to fix a time limit to efforts of a Knesset member to form a government by requiring him either to submit his coalition for approval within a specified time or to report his failure to the President. Immediately after a new Government was approved in November 1955, Herut proposed that a limit of two or four weeks be established. The Government opposed the motion on the grounds of avoiding unnecessary rigidities in the constitutional system and cited constitutions of fifty-three countries which do not impose time limits in forming new governments. The Government has considered a draft bill specifically authorizing the President to charge another member of the Knesset with the formation of a new Government when he thinks that negotiations have been unduly delayed. It is likely that the President already possesses such authority.

THE STRAIN OF COALITION GOVERNMENT

Ben Gurion's resignation in December 1953 was the direct result of weariness brought on by the continuing strain of coalition government. As difficult as it is to form a new Government, the task of maintaining it as a going concern is more complex. Ideological parties usually make concessions in matters of principle only with considerable reluctance and gnawing doubt about the justification for doing so. At the same time, a large party like Mapai, with fewer ideological commitments but with more political power, must nevertheless compromise its position to command the support of smaller parties. Consequently, a coalition government contains built-in tensions that threaten chronically to overthrow it. Unless it learns how to manage these tensions, it falls.

The tribulations of coalition government have been magnified by lack of experience in high administrative posts. All too frequently ministers have been overburdened by current business that should properly be delegated to subordinates. Their preoccupation with relatively routine affairs encourages them to bring to the cabinet issues that should be resolved within the ministries. Consequently

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the cabinet, as well as individual ministers, is frequently oppressed with excessive routine business that leaves little time for policy matters which can be handled only by the cabinet.

Ministries which were fought over bitterly in the construction of a coalition tend to become beachheads to the smaller partners in their struggle for partisan advantage. While a great deal of party nepotism has already been eliminated in the staffing of ministries, the identification of ministry and party places a special burden of ministerial coordination upon a cabinet whose unity may already be precarious. For example, in the Sharett Government from January 1954 to June 1955, a Mapai minister headed the Ministry of Finance while a General Zionist headed the Ministry of Commerce and Industry. Mapai's policy was to retain firm public control over the allocation of scarce foreign currency, while the General Zionists believed that industrial production and exports would increase if these controls were loosened. These basic differences in economic policy were subdued temporarily for coalition purposes, but they emerged as conflicting ways of administering programs, such as the issuance of import licenses, requiring close coordination between the two ministries.

Finally, these internal uncertainties of coalition governments have hindered Mr. Ben Gurion, a naturally aggressive Prime Minister, in carrying through his coalition program. Mapai's inability to follow a consistent socialist policy in deference to its right-wing coalition partners has deprived it of *élan* and has encouraged its emphasis on maintaining political power in a Government that may lack a common purpose. The excessive partisanship of coalition government has also encouraged the development of mediocrity in government service. Cabinet ministers may rarely have available more than a handful of senior officials to whom they may confidently delegate administrative authority. Administrative inadequacies within ministries reinforce tendencies to throw the burden of public management on an overworked cabinet.⁹

Mapai has gone further than other parties in developing close relationships among its leaders in the Government, the Knesset, the

⁹ A biting criticism of the Government that reflects the economic crisis of the period of 1951-52 can be found in Jon Kimche, "The People vs Ben Gurion's Government," *Commentary*, September 1952, pp. 237-244.

Histadrut, the Jewish Agency, and the party's bureaucracy. In forming new government coalitions, Mapai has usually delegated to a committee of party leaders representing these groups power to approve or disapprove coalition agreements, including matters of policy as well as the allocation of portfolios. More recently, ministers and Knesset members of the coalition parties in Ben Gurion's Government of November 1955 formed an inter-party Coalition Executive as a device for formulating policy. The new group has been concerned especially with economic issues, including proposed modification of the policy of granting cost-of-living wage increases to workers as the price level moves upward. The escalator effect of such automatic increases has had an inflationary effect and has increased the workers' expectations of wage increases without regard to basic economic conditions. Interestingly, serious conflicts in the discussions of the Coalition Executive lay between Mapai leaders in the Government and Histadrut. The ministers want to limit wage increases and to make a system of incentive wage payments effective, while the trade union leaders maintain the historic union demand for wage increases not necessarily related to productivity or efficiency in the use of resources.

THE ORGANIZATION OF THE CABINET

In the Israeli cabinet, the Prime Minister's position depends largely on his personality and skillfulness rather than any special constitutional grant of power. Like the heads of Zionist organizations in the pre-State period, the Prime Minister is primarily a presiding officer with limited powers. A peer among peers, his cabinet ordinarily lacks that cohesiveness without which his influence and power are under attack from the coalition parties. The 1952 amendment making the Prime Minister's resignation tantamount to automatic resignation of the Government has strengthened his position, but it has conferred a power that can be used only sparingly. As long as collective responsibility is not fully attained in the Government, the Prime Minister can maintain his position of leadership only by demonstrating it repeatedly.

In Zionist politics governing bodies traditionally represented a variety of views. Their representative quality undoubtedly sapped

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their initiative and lowered their capacity for making responsible decisions. Policies were compromise agreements, and party representatives often gave precedence in policy discussions to party considerations rather than the common goal of the national home. As head of the Palestine section of the Jewish Agency since the 1930's and as Prime Minister since 1948, Ben Gurion understood the prerequisite of unity in the Government and fought against party representation in the cabinet. Moreover, in his successful struggle to oust Moshe Sharett as Minister of Foreign Affairs in June 1956, he followed the principle that within his own party the Prime Minister should be given greater leeway to choose his own associates in the Government. Whatever differences of personality may have contributed to the split between the two Mapai leaders, one factor was undoubtedly Ben Gurion's felt need for greater harmony in the cabinet in the determination of basic policies. In reporting Sharett's resignation to the Knesset, he stated:

. . . lately, after security affairs in the State had become exceptionally acute and the dangers in foreign policy greater than ever, I came to the conclusion that for the good of the State it was essential that there be complete coordination—insofar as this is humanly possible—between the Ministry for Foreign Affairs and the Ministry of Defense, and that a different leadership was now needed in the Foreign Ministry. Although differences of opinion in the Cabinet are all to the good, there must be closer ideological harmony between the executors of the policy than that which existed before.¹⁰

The resignation of Sharett, former Prime Minister and, since 1933, the leading Zionist expert in foreign policy, is probably indicative of Ben Gurion's great prestige and political strength rather than any significant change in the role of the Prime Minister.

The cabinet itself does much of its business by committees. In April 1953, under the influence of two decades of British experience, it regularized the appointment of cabinet committees by establishing four permanent committees to replace the existing seven permanent and approximately fifteen *ad hoc* committees. The Economic Com-

¹⁰ Ben Gurion's remarks are quoted extensively in Aryah Rubinstein, "Cabinet Changes Provoke Debate," *The Jerusalem Post*, June 24, 1956.

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mittee includes the Ministers of Finance, Agriculture, Labor, Development, Communications, and Commerce and Industry. The Legislation Committee includes the Minister of Justice and other ministers and deals with the preparation of draft bills for presentation to the Knesset.

The Security and Foreign Affairs Committee comprises the Ministers of Defense and Foreign Affairs and others, and the Home Affairs and Services Committee includes the Ministers of Health, Education and Culture, Welfare, Religious Affairs, and the Interior. Each minister is assigned to one or more committees. If the Prime Minister attends a committee session, he automatically serves as chairman. The major purpose of ministerial committees is to ease the heavy agenda of the cabinet. Committees usually meet at least once a week, and the cabinet has regular weekly meetings as well.

Continued operation of ministerial committees has not eliminated special committees of inquiry. Especially when questions arise that might threaten coalition unity, a special committee may be appointed by the Prime Minister with the approval of the cabinet. The appointment of a special ministerial committee in June 1956, to study youth movements in elementary and secondary schools illustrates the use of such committees. Under existing law, youth movements not associated with political parties are eligible for recognition and financial support from the Government. Mapam strongly advocated that the youth group of Hashomer Hatzair should receive such aid. The group had previously been denied aid on the ground that it did not meet the nonpartisan test. A special committee of seven, headed by Ben Gurion, was instructed to report to the full cabinet within a month.

All committees are served by the Government Secretariat, whose principal task is the preparation of the agenda of cabinet meetings and maintenance of its records. The official serving in 1956 as Government Secretary, Mr. Zeev Sharef, had been serving continuously since 1948. He is responsible for the development of the ministerial committee system and for devising various plans of inter-ministerial coordination. His influence has been helpful in establishing the importance of administrative requirements for effective performance.

STATUS OF MINISTERS

In 1956, the cabinet reactivated the Economic Advisory Council headed by a Minister without Portfolio and representing various economic groups in the country. As organized originally in March 1952, the Council advised the cabinet on economic policy including ways of achieving economic independence, raising levels of productivity, improving the financial and credit structure, expanding production, and rationalizing marketing and distribution. The Council met fortnightly and performed most of its work in subcommittees. After a year it lapsed, and in March 1953 its work was taken over essentially by a special Economic Advisory Staff of professional economists, which was attached to the Prime Minister's Office, where it functioned until July 31, 1955. It included a nucleus of American economists supervising a small Israeli staff who prepared long-range development and economic plans and studied specific problems for the Prime Minister and cabinet. As such it functioned apart from other government units with major responsibilities in economic affairs, especially the Ministries of Finance, Development, Agriculture, Labor, and Commerce and Industry. These ministries were not unnaturally reluctant to deal with an advisory staff of American experts attached to the Prime Minister's Office, whose jurisdiction in the field of economic planning was contested, especially by the Ministry of Finance. When the contract under which the staff functioned was terminated, some of the American experts remained as economic advisers to the Minister of Finance and in other capacities.

THE STATUS OF MINISTERS

Like executives in private industry and other public institutions, ministers carry a heavy workload. They are responsible not only for the formulation and execution of public policy, but they also play major roles in securing legislation and influencing decisions of the Knesset. Given the unwillingness or inability of ministers to delegate substantial authority to subordinates and the relatively underdeveloped character of administrative organization in the Government, ministers have had little protection against the impact of partisanship. They devote substantial amounts of time to attendance at cabinet and ministerial committee meetings and

tend to rely excessively on committees to deal with administrative programs.

Since June 1952 the salaries of ministers have been fixed by the Finance Committee of the Knesset. As of 1957, the Prime Minister received a monthly basic salary of IL. 1,000 plus cost-of-living allowances. Ministers received monthly a basic salary of IL. 900 augmented by other allowances, which amounted, after taxes, to approximately IL. 450 a month. Under the immunity statute passed in 1951, ministers and deputy ministers may not use their titles in any transaction concerned with their private businesses or professions. After vacating office, a former minister or deputy minister is prohibited from drawing attention in writing in any matter connected with his business or profession to the fact that he was formerly a member of the Government. Moreover, a former minister may not for three years following the end of his term serve as a director of any company or association which received a concession from the State during his term of office; and a deputy minister is similarly prohibited from serving as a director in a company which received a concession from the ministry in which he served as deputy minister. Violations of these restrictions subject a person to two years' imprisonment and/or a fine of IL. 2,000.

Conflicts of interest have produced some difficult ethical problems in the Government. All members of the Government are required to sever ties with their former occupations, but long periods of association with another institution or company may have generated loyalties that are not easily dissolved. An interesting conflict arose in May 1956 when it was revealed that the sale of the flat of the Minister of Finance to the Government was transacted by an office in charge of government property in that ministry. A subsequent report on the transaction by the State Comptroller, made at the request of the Finance Minister, exonerated him of any wrongdoing but strongly advised against any transactions between the Government and its employees. The State Comptroller, Dr. S. Moses, urged the adoption of a code of ethics applying to all civil servants and members of the Government.

The incident involving the flat of the Minister of Finance led to a more complete review of the provision of official residences for ministers and other high Government officials. In his report of

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July 11, 1956, on official residences, the State Comptroller noted that the Government had paid about IL. 850,000 for the purchase, improvement, and furnishing of flats and houses for eleven ministers, one of the two Chief Rabbis, three Supreme Court Justices, and three directors general of ministries. The purchase of residences was instituted in 1952 when the Government decided to provide housing for ministers who are not residents of Jerusalem. Ministers and Chief Rabbis have all their expenses covered by the Government, while other officials make payments toward maintenance and sometimes rent as well. Only the Prime Minister and the Foreign Minister are allotted residences appropriate for diplomatic entertaining and allowances for domestic help. Other official residences are essentially middle-class in size, location, and furnishings. In June 1955 the Economic Committee of the cabinet approved a previous order of the Finance Ministry limiting official residences in the future to four rooms (not including kitchen) costing not more than IL. 22,500 and furnished at a cost not exceeding IL. 5,500. The State Comptroller stated that the official residences were appropriate to the modest style of living of ministers and were purchased and furnished in most instances without excessive expenditures.¹¹ The concern about official residences reflects first, the public's desire to prevent use of a Government position for private advantage, and second, its acceptance of egalitarian living standards for Government officials. In addition to their residences, ministers are entitled to the use of a Government car and chauffeur and a telephone.

THE PRIME MINISTER'S OFFICE

The Prime Minister has charge of a number of activities. Some are directly related to his central position in the Government, while others seem to have been assigned to his Office because they did not appear to fit into existing ministries. While changes have been made in the constituent units of the Office, its major functions have stabilized.

¹¹ On the issue of residences for ministers, see *The Jerusalem Post* for May 24, 1956, and July 12, 1956; and "A Minister's Residence—Home or Castle," *Here and Now*, June 6, 1956.

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The *Government Secretariat* prepares the agenda of cabinet meetings and maintains appropriate cabinet records.

The *Civil Service Commission* administers central personnel regulations, including written examinations, salary administration, determination of personnel requirements, training, and work simplification.

The *Research Council* of Israel advises the Government on all matters of scientific research, development of natural resources, advancement of industry and agriculture, and the improvement of public health. It attempts to coordinate the research activities of various institutes and ministries and makes contracts for research projects in scientific research centers in the country. It cooperates with the public mining corporations in research in potash, phosphate, and other mineral resources of the Dead Sea area and the Negev. A special research center has been established in cooperation with the Beersheba Municipality for research in the biological and climatic problems of the desert.

The *Central Bureau of Statistics and Economic Research* compiles and publishes a comprehensive series of statistical reports on population, health, education, agriculture and industry, communications, finance, labor, prices, and national and individual income. Since 1955 it has published a monthly bulletin on "Israel Economic Indicators."

The *Technical Assistance Division* serves as liaison between the various Government agencies and the technical assistance delegations of the United Nations and the United States. It screens Israeli requests for technical assistance, coordinates technical assistance programs, and supervises their implementation. The Division provides the Office with one of its most useful devices of inter-ministerial coordination.

The *State Archives and Library* is the repository of all documents and files inherited from the Mandatory. It preserves all original important State documents. The *Geographical Names Commission* names new settlements and other places on Israel maps.

The *Government Press Office* organizes press conferences, arranges tours and interviews for visiting journalists, channels information on Government activities to the press, maintains a library of photos and films, and publishes information bulletins for the

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diplomatic corps and foreign press representatives. The *Broadcasting Service* operates a comprehensive radio broadcasting service. The *Atomic Energy Commission* promotes research in nuclear physics and determines the presence of radio-active mineral deposits in the country. And the *Government Tourist Corporation* is independent of the Office, but is headed by the Director General of the Prime Minister's Office. Its function is to promote tourism in Israel.

The Office of the Prime Minister, with its motley collection of technical and service bureaus, does not possess either the facilities or the statutory powers of inter-ministerial coordination. In this respect it reflects the emerging role of the Prime Minister as the head of the Government who presides over a cabinet of peers whom he may dominate fitfully provided he has the strength of character, dynamic personality, and political skill of a Ben Gurion.

The Civil Service Commission and the statistical, geographical names, archival, scientific research, and broadcasting services operate with considerable autonomy and rarely become involved in matters concerning the larger aspects of government policy. Consequently the Office has few opportunities and few facilities for coordination of government-wide programs. Apart from its Technical Assistance Division, whose area of operation is quite specialized, the Director General and his staff tend to concentrate on matters of public information, propaganda, entertainment of important visitors from abroad, and management of the personal office of the Prime Minister. Although the Director General's office has developed an informed, national approach to governmental problems, it has very few instruments to challenge the more parochial attitudes of the ministries.

THE PRESIDENT

The constitutional powers of the President, as defined in the Transition Law of 1949 and the Presidential Tenure Law of 1951, are relatively minor.¹² He has almost no executive power, and his influence over legislation is confined to his choice of Prime Minis-

¹² For the provisions of the Transition Law, see Chap. 2, pp. 40-41.

ter-designate. He does not participate in cabinet meetings, and he has no power to veto legislation.

Under the Presidential Tenure Law of December 3, 1951, his term of office is five years. His election by the Knesset must take place between thirty to ninety days before the expiration of his predecessor's term. If the President should die or resign before his term expires, his successor must be elected within thirty days. Ten or more Knesset members may propose a candidate for the presidency. The Knesset may depose a President for "conduct unbecoming to his status as President" by a three-fourths vote of all members acting on a proposal by its House Committee, supported by a three-fourths vote of all its members following a complaint brought by at least ten members of the House.

By a similar procedure, the Knesset may terminate the President's term if it decides that "for reasons of health the President is permanently unable to carry out his functions."¹³ The President is exempt from military service; he may not hold any other position during his term; and no legal action may be taken against him during his tenure.

Israel's President is purely a formal head of State. According to the first United States Ambassador to Israel, Mr. James G. McDonald,

During the provisional regime, a fundamental difference between Dr. Weizmann and Ben Gurion became evident as to the role which the President should play. Dr. Weizmann . . . favored the American system in which the President is a powerful executive. But Ben Gurion, supported by predominant Israel public opinion, insisted that the President be, as in the French system, only the formal head of the State. Weizmann did not hide his disappointment; I had the impression in those early months that he hoped his view might in part be accepted. This fundamental difference of opinion occasioned moments of sharp though never publicly acknowledged friction between the two leaders during Israel's first year.¹⁴

¹³ Presidential Tenure Law, 5712-1952 passed on December 3, 1951; the text can be found in State of Israel, *Government Year-Book 5713 (1952)*, pp. 212-214.

¹⁴ James G. McDonald, *My Mission in Israel, 1948-1951* (New York: Simon and Schuster, 1951), p. 254.

On the other hand Kenneth W. Bilby, the *New York Herald Tribune* correspondent, reported in 1949 that Weizmann felt that his presidential duties would take only two hours a day and that he expected to be like a French president. He remarked to Bilby: "I don't expect it to be like the presidency of the United States."¹⁵ Later in 1951, when the American Secretary of Labor, Mr. Maurice J. Tobin, toured Israel, Dr. Weizmann explained why he had not taken a stronger position in favor of protecting Arab refugees: "I am only a Constitutional President, and it's outside my province."¹⁶

Chaim Weizmann, the first President of the State of Israel, died on November 9, 1952. On December 8, he was succeeded by Mr. Itzhak Ben Zvi. Four candidates had been placed before the Knesset: Ben Zvi, Peretz Bernstein, Mordecai Nurock, and Itzhak Gruenbaum. Only the last was not a member of the Knesset. Ben Zvi received 48 votes on the first and second ballots and was elected on the third ballot with 62 votes.

Since the death of Weizmann, who preferred to live in Rehovot adjacent to the Weizmann Institute, the President lives in Jerusalem in the permanent residence provided by the State. It has become a popular meeting place for writers, artists, and labor and industrial leaders, and also for new immigrants, representatives of the different communities in Israel, diplomats, and foreign visitors. On the first day of each Jewish calendar month, President Ben Zvi has made a practice of inviting various groups of immigrants, symbolizing "the tribes of Israel," for tea and discussion. He has regularly visited the towns and villages of the country and has helped to raise the moral standing and dignity of public service.

The Office of the President is responsible for keeping him informed of Government activities in detail. Frequent meetings with Government and Knesset officials have deepened the President's interest in public affairs and strengthened his moral influence in public life. He has devoted considerable time to the study of petitions for amnesty and clemency. In 1954, he dealt with 345 petitions for amnesty and commutation of sentence; 23 persons were granted amnesty and 107 had their sentences commuted.

¹⁵ Kenneth W. Bilby, *New Star in the Middle East* (New York: Doubleday and Co., Inc., 1950), p. 167.

¹⁶ Quoted in *New York Post*, September 6, 1951.

CABINET AND PRESIDENT

Similarly in 1955, the President received 395 petitions; 12 were granted amnesty and 40 had their sentences commuted.

Whatever imagination the President may show in developing his office as a moral and cultural force in the nation's life, his principal function is to set in motion the machinery that leads to the establishment of a new Government whenever the cabinet loses the confidence of the Knesset or voluntarily resigns. Given the volatile character of party politics in Israel, the President's task does not leave him without discretion in calling on members of the Knesset to form a Government. President Ben Zvi has usually consulted party leaders before charging a member of the Knesset with the task of forming a Government. In any case, the Knesset always has the last word, since it can reject any proposed Government by withholding its approval.

THE SCOPE OF GOVERNMENT ACTIVITIES

The range of responsibility of cabinet ministers and other officials is exceptionally broad for a new State. Israel carries on the usual diplomatic and other activities associated with a modern state. In addition it conducts extensive military programs, including national military conscription for men and women, continuing training of reservists, educational programs for military personnel, and manufacture of armaments.

The uncertain status of Israel's financial resources has placed a heavy burden upon the Ministry of Finance in its management of the revenue services, the State debt, and the Government's budget. The shortage of foreign currency to finance imports of essential goods and services has forced the State to ration scarce hard currency to the most important users. The need to develop agriculture and industry has generated a great variety of governmental services, including extensive loans, incentives to encourage investment, planning new plant locations, and providing instruction in farming and industrial practices. Industrial development is facilitated by research programs that provide essential data on the geological, mineral, and petroleum resources of the country, and the requisites of economic development of the desert area. Corporations financed in whole or in part by public funds have been established to ex-

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exploit the physical resources of the country, with an emphasis on mining and ceramics. In the labor field, the Government supervises the Histadrut-operated labor exchanges, inspects working conditions for compliance with factory laws, exercises some control over cooperative societies, provides jobs to relieve unemployment, and provides vocational training to develop human skills. From time to time, the prices and marketing of commodities in scarce supply, especially food and building materials, have been controlled.

Welfare activities include the maintenance of elementary schools and some support of secondary schools and universities; essential health services, including hospitals and preventive medical programs; social welfare services; a comprehensive social security system; promotion of scientific research both for immediate application and for long term development; and supervision of antiquities and important archeological discoveries.

The State operates a number of enterprises. In addition to such services as posts, telephone, telegraph, and radio, it operates the railways, ports at Haifa and Jaffa, and the airport at Lydda. It constructs and maintains the highway system of the country and regulates the use of motor vehicles. It carries on a public housing construction program, and has recently nationalized the Palestine Electric Corporation. Jointly with the Jewish Agency and the Histadrut, it operates the Mekorot Water Company, largest water company in the country.

An independent judiciary supplemented by special religious courts and military tribunals interprets and enforces the law and settles legal controversies. It provides a national police force serving the entire country and maintains penal and other corrective institutions.

The Ministry of the Interior has extensive control of the budgets, personnel, and activities of municipalities and other local governing bodies. In addition it is responsible for immigration and naturalization services, town planning, film censorship, licensing of newspapers, and maintenance of an identity card system.

The activities of the central government are carried on by three types of agencies: ministries, independent agencies, and public corporations. Most activities are administered directly by ministries. The two principal independent agencies are the Office of the State

Comptroller, which is independent of the Government and responsible to the Knesset, and the Bank of Israel. The Bank was established in 1954 to regulate the currency, credit, and banking systems of Israel in order to stabilize the value of Israeli currency and to promote economic stability and capital investment. It is independent mainly in the sense that it is not located in one of the ministries. It can function effectively, however, only if it works closely with other Government agencies. Specifically, the Bank makes its own decisions with respect to financial policy, but some of its principal decisions require Government approval. The Governor of the Bank serves as adviser to the Government on economic matters generally. Its independence "is expressed chiefly in the flexibility with which the Governor may employ the instruments of monetary policy at his disposal in accordance with his assessment of day to day economic conditions."¹⁷ The only decision of the Bank requiring the approval of the Knesset Finance Committee is the determination of the interest rate. In addition to an annual report submitted to the Government and the Knesset Finance Committee, it is required to report increases in the money supply exceeding 15 per cent in any year or part of a year.

Israel has established about one hundred public corporations to finance, in whole or in part, activities which directly concern the State. They have been used particularly for developing physical resources, including mineral resources of the Negev, the southern desert.¹⁸

RELATIONSHIPS BETWEEN THE GOVERNMENT AND OTHER INSTITUTIONS

Before the State was established, voluntary Jewish agencies in Palestine and world Jewry financed and administered a network of social services comprising health, education, social welfare, agricultural settlement, cultural development, and other activities. The Mandatory had spent less than 10 per cent of its own budget on health, education, and welfare, and its 1945 allocation for these activities was less than 5 per cent of total Jewish expenditures for

¹⁷ State of Israel, *Government Year-Book 5716 (1955)*, p. 311.

¹⁸ For a further discussion of public corporations, see Chap. 9, pp. 238-246.

these services. The State, on its inception, immediately assumed certain inescapably governmental functions, such as the maintenance of law and order and the regulation of communications. In other areas, the transfer of functions from voluntary to governmental agencies was delayed by financial considerations and conflicting interests. The management of essential public services by the Jewish Agency, the Jewish community government, and the Histadrut generated strong vested interests which could not be easily overcome. The control of primary education passed to the Government in 1953, but the Government has left secondary and higher education in the hands of voluntary institutions subject, however, to Government regulation.

After a decade of statehood, Government and voluntary agencies still function side by side in numerous areas. In some, such as the settlement and absorption of immigrants, formulas for sharing responsibility have been worked out, while in others a clear-cut distribution of authority is still lacking. A continuing partnership of governmental and voluntary agencies in social welfare fields will probably continue for some time. The Government hopes to assume those functions regarded as typically governmental in character or necessary for effective exercise of authority. On the other hand, the desire of voluntary agencies to continue operation of their welfare facilities is strengthened by Israel's continuing reliance on financial support from foreign philanthropic sources to supplement limited Government funds.

Since the creation of the State, the Jewish Agency has concentrated its activities on organizing and financing immigration, agricultural settlement, and absorption of immigrants in the life of the community. Because the Agency was unable to cope with the entire burden of these expensive tasks, the Government had to assume part of the responsibility. The division of functions was worked out by a Government-Agency Coordinating Board under the guiding principle that the Agency should finance initial expenditures for absorption and agricultural settlement while the Government would assume responsibility at later stages. The distinction has become blurred, however, as the Agency has invested more and more of its funds in productive economic activities of permanent value and the Government has ventured into some

tasks related to the initial settlement of immigrants, such as housing.

The Jewish Agency manages the immigrant settlements built on land provided by the Government. It takes responsibility for the transportation of immigrants to the country and the settlements, and for building and maintaining the physical facilities. When permanent housing is made available by the Government, the Agency handles the transfer of immigrants. The Government, in addition, helps immigrants to set up village councils for local self-government, tries to find them employment, cares for social cases, establishes sanitary conditions in the settlements, and finances and supervises the establishment and operation of schools and synagogues.

In the field of agricultural settlement, the Jewish Agency pays the initial costs, including furnishing financial aid to new settlements and instructors in agriculture and other fields for a limited period from two to as many as five years. After that time, the Ministry of Agriculture takes responsibility. The Agency helps initially to determine the type of crops to be planted, the size of farm units, methods of cultivation, equipment to be used, etc. The Government has assisted the Agency financially in creating regional agricultural settlements in the Negev and in installing security facilities in outlying settlements.

The planning of agricultural settlements has been one of the most complicated tasks of the new State. It has involved not only the Government and the Jewish Agency but also the Jewish National Fund (the land-purchasing arm of the Zionist Organization), the purchasing and marketing cooperatives of the Histadrut, the financial institutions of the country, settlement organizations operated by various political parties, and such special units as the Mekorot Water Company, now a public corporation, and the Citrus Marketing Board.

Of the whole land area of Israel, 71 per cent is owned by the State, 17 per cent is held by the Jewish National Fund, and 12 per cent is municipal or private. However, about two thirds of the irrigated and cultivated land of the State is owned by the Jewish National Fund. The Fund's activities in land purchase and reclamation relate closely to the settlement programs of the Jewish Agency. Beginning in 1956, proposals have been advanced to merge the

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land held by the Government and the Fund, and the Twenty-fourth Zionist Congress meeting in Jerusalem in 1956 considered the merger of the Jewish National Fund and the Keren Hayesod, fund-raising arm of the Jewish Agency. Questions of mergers of the Fund with the Government or the Jewish Agency have created complicated problems that are difficult to understand for all except those persons intimately familiar with the intricacies of Zionist internal politics.

The Government is the largest employer, largest landlord, and largest investor in Israel. But the Histadrut wields a decisive influence in wage policy. Through its complex of industrial, financial, and marketing enterprises, the Histadrut exercises major control of basic industry and distribution of goods in the country. Through the operation of Kupat Cholim, the workers' sick fund, it supplies the most comprehensive medical and hospital service available in the country. Together with the Jewish Agency and the Government, it has invested large sums in shipping companies, investment funds, housing construction firms, and the Mekorot Water Company, which controls large-scale irrigation projects and the installation of water services.

The overlapping of the activities of the Government, the Jewish Agency, the Jewish National Fund, and the Histadrut has been accompanied by an overlapping of key officials and other personnel. Leadership in these institutions is dominated by the Mapai Party, and some officials serve in a policy-making capacity in two or more of them. Through the Government's use of the Agency and the Histadrut as sources of personnel recruitment, some identity of orientation has been established among these officials, but institutional jealousies remain a potent factor.

The complex pattern of relationships between the Government and voluntary institutions has both advantages and disadvantages. The limited financial resources of the State are supplemented by contributions and gifts from abroad to the Jewish Agency primarily through the United Jewish Appeal operating in the United States and other countries. A certain amount of competition in settlement work is probably useful as an antidote to the strong tendency to concentrate all authority in the central government. On the other

hand, shortages of experienced personnel in many technical and professional fields are magnified by the duplicate staffing requirements of these bodies. And finally, the strongly motivated interests of non-Israelis active in the affairs of Zionist bodies tends to blur the State's sovereign responsibility to manage its own destiny.

Chapter 6 The Administrative Setting and the Civil Service

THE ENVIRONMENT OF GOVERNMENT ADMINISTRATION

The setting in which the machinery of government has functioned in Israel has been influenced deeply by the novelty of statecraft and the great complexities of national security and the ingathering of the exiles. As Prime Minister Ben Gurion explained:

Let us be frank. This is a trade we knew not formerly or, at least, have not followed for centuries past. We have to practise a new craft, and almost create something out of nothing. The spiritual possessions, the practical experience, and the intellectual assets we brought from our work in the Yishuv, in an alien Government and in our own institutions—these are inadequate. We must outdo ourselves in a pioneer endeavor, galvanize the capacity buried deep in our soul, and deploy to the utmost our traits of the spirit, ethical and intellectual. What we did before the State arose is not, cannot be, enough. We are a small and poor people, our needs are many and burdensome. We must fulfill enormous tasks with scanty means.¹

Because of the magnitude and urgency of the administrative problems facing the new Government, it became necessary to delegate wide discretion to the Government to enable it to cope effectively with the constant danger of invasion. But over and above the demands of national security and immigration, the Government required almost unlimited authority to mobilize the economy and maintain an elemental economic stability. Strict regulation seemed necessary to make possible the sharing of scarce essential goods with the newcomers.

The extreme cultural diversity of the immigrants also imposed

¹ David Ben Gurion, "The Call of Spirit in Israel," in *State of Israel, Government Year-Book 5712 (1951-52)*, pp. xxix-xxx. This essay is also found in David Ben Gurion, *Rebirth and Destiny of Israel* (New York: Philosophical Library, 1954), pp. 399-441.

obstacles to orderly administration. Signs and directions in immigrant camps had to be printed in half a dozen languages. Yet the overwhelming majority of Israelis gladly shared their resources with the immigrants, even though it entailed a drastic lowering in their standard of living. While emergency regulations gradually gave way to normal legislation, the need for detailed, discretionary governmental controls over economic life remained imperative.

A new orientation toward government was needed for the public as well as political leaders and bureaucrats. While anti-British sentiment declined as soon as the British departed in May 1948, the anti-government attitude that developed under the Mandate persisted. Many older residents continued to regard government officials as creatures to be outwitted and government action as activity worthy only of sabotage. In the past they had developed qualities of imagination, quick adaptability to new situations, and cultivation of personal contacts as the best method of getting something done. Government, in this setting, was viewed not as a rather impersonal apparatus with orderly methods of operation, but rather as individualized and personalized, to be manipulated for personal or group advantage. Favoritism readily became an important method of doing both public and private business.

Other orientations toward government complicated the problem. Some ultra-orthodox Jews regarded civilian government as wholly superfluous and irreligious because it encouraged men to rely on their own efforts rather than God's will. Moreover, many of the new European, Oriental, and North African immigrants did not share Zionist aspirations and lacked some relevant experience with government. For them government was mainly an institution of oppression and corruption. The spirit of former inmates of Nazi concentration camps would have to be nourished carefully before they accepted the legitimacy of political authority.

In those early years policy-making required not only a broad grant of discretionary authority but also a concern for planning. Israel's financial situation was desperate from the beginning. Only careful planning and husbanding of meager resources would create a promise that, at some undetermined future date, the State might become financially independent. For the near future, its continuing economic dependence would be magnified by heavy security re-

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quirements, the lack of essential natural resources, and insufficient irrigation to turn derelict desert land into productive fields.

Whatever the continuing requisites of national survival were, it was not possible for the people to maintain the peak of spiritual, military, and intellectual achievement of the period of 1947-1950. By 1951, the resources of the country could no longer be sustained at such a high level. The first period of consolidation after the war was a psychological anti-climax. Spirit and morale sank to new depths before they recovered. This process gradually worked itself out as Israelis learned to accept continuing crisis as normal.

Some Israelis had training and experience that helped to qualify them for governing responsibilities. But, given the demands on the Government, there was a critical shortage of trained manpower in all categories. In terms of the tasks to be done, the personnel of the Government was grossly inadequate. Prejudice against those who served with the Mandatory kept some efficient personnel out of responsible jobs until administrative chaos forced the Government to use ex-Mandatory officials in positions commensurate with their abilities. Respect for military achievement helped to establish the principle of preferment for veterans and their dependents and survivors. But heroes of Hagana and its shock battalions, Palmach, and men who had organized and managed illicit immigration to Palestine and sought arms for the eventual struggle for the homeland were frequently ill-suited to the less dramatic and more orderly positions in public service.

Above all, the State lacked good civilian organizers. Leaders who had performed magnificently during the fight for independence were not necessarily those most able to organize the public services of the State. As one observer commented: "Many of the leading businessmen, soldiers, and politicians were muddlers when it came to organizing an office or a staff. . . . The old guard that did yeoman service as Zionist Organization emissaries, as presidents of local Zionist groups, and collectors of funds and propagators of propaganda, were seen to have outgrown their usefulness. As in all revolutions, the old revolutionaries, the born rebels and propagandists, become a liability once their cause had triumphed."²

² Jon Kimche, "Tel Aviv: Messiah in a Business Suit," *Commentary*, December 1948, p. 531. Compare the informal observation of a UN technical assistance

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The unavailability of trained manpower was complicated by insufficient opportunity to develop training programs and a sense of frustration that adequately trained persons would ever be available. Even ministers and senior officials most aware of training needs seemed unable to provide staff and funds to develop specific training programs. In 1953, for example, the Minister of the Interior had become very pessimistic about the capacities of local authority officials to exercise their routine duties with reasonable effectiveness; yet he was unwilling to supply the leadership to organize long-term programs to train local officials. Similarly two years passed before Israel took steps to utilize funds made available by the United Nations to establish university-level training programs in public administration, but when the staff became available at the Hebrew University, the training programs developed rapidly. The interest of Israelis in general and civil servants in particular in obtaining advanced training has been marked. Yearning for educational achievement has not been adequately satisfied.

ESTABLISHING A CIVIL SERVICE SYSTEM

Within three or four months following the declaration of the independence of the State, about 3,000 persons were working in government offices. Staffs had been hastily assembled from a variety of sources. First, some ex-Mandatory officials were transferred to the Government. By the end of 1948 the Minister of Finance, through a special Personnel Division, had assumed responsibility for providing elemental regulations governing the employment and dismissal of government employees. He appointed public committees of prominent persons to screen all former Mandatory

expert, Mr. F. B. Hindmarsh: ". . . the Civil Service exhibited much of the malaise common to new or inexperienced Administrations; a concentration of work at the top levels and a lack of proper delegation and decentralization, poor organization with responsibilities badly allocated or ill-defined, a general lack of adequate directives and instructions for the execution of the work, indifferent supervision, poor office methods and physical working conditions, a tendency to start projects before previous ones had been properly carried through and consolidated; indifferent treatment of the public and a lack of leadership and *esprit de corps*. In general there was a dearth of good practicing administrators at all levels." In F. B. Hindmarsh, "The Training of the Israel Civil Service," United Nations, Technical Assistance Programme, Report No. TAA/ISR/17, 19 July 1956, p. 3, para. 8.

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officials for their suitability for employment in the Government. Apart from security considerations, the committees reviewed any evidence that reflected on the character and integrity of the person and recommended their employment or rejection by the Government. A system of grading was worked out and some training in personnel and general administration was started.

Because of the prejudice against them, ex-Mandatory senior officials were employed mainly in technical and professional positions not involving intimate contact with important issues of policy. For example, they were recruited from the engineering departments of the telephone and radio services, from the income tax and customs departments, and from the accountant general's office. They were frequently pushed aside in the new Government, but as administrative conditions worsened from 1949 to 1951, they were gradually given more responsibility. A second source of recruitment was Jewish self-government. From the senior officialdom of the Jewish Agency and the National Council (Vaad Leumi) came the key officials to occupy strategic positions in the Government: ministers, directors general (the general managers of ministries directly under the ministers), and division and department heads. A third and related source of recruitment was the group of military officers and clandestine operators active in organizing illegal immigration and securing a supply of arms for the winning of the Arab-Jewish war. This group also included many war heroes, especially invalids, who were rewarded for their valiant service with government jobs.

The political parties represented in the Provisional Government were a fourth source. They supplied large numbers of applicants for government employment. Proportional representation was transplanted directly to the embryo civil service, particularly by the religious parties who filled almost all positions in the ministries allocated to them with party representatives. The religious parties who controlled the Ministry of Social Welfare for several years established a pattern of welfare administration based on East European concepts of charity that bore no relation whatsoever to modern conceptions of social work. Later, when merit replaced party loyalty in government employment, rigid civil service rules tended to freeze party workers, including the unqualified and incompetent, in permanent positions.

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The religious parties, however, were not alone. Apart from the Ministry of Foreign Affairs, the Ministry of Justice and the Office of the State Comptroller, party allegiance was the most important single factor in the selection of new officials and the allocation of administrative responsibility. In the absence of some centralized machinery for interviewing and selecting new employees, it was inevitable that ministers and senior officials would, at the outset, look to their former associates in the parties, the Jewish Agency, the Histadrut, and other public bodies to fill the most important jobs. There was no effective alternative to this procedure. "To appoint men voluntarily from among their political opponents was asking for trouble. Each key post in each Ministry was regarded as a fortress to be fought for between the parties. It is taking a long time to replace this attitude by the conception of a politically neutral civil service, with an *esprit de corps* of its own."³

A few officials were "dollar-a-year" men who volunteered for temporary government service, a small number were new immigrants with specialized technical and administrative training, and a growing number were university graduates, especially in economic and legal studies, who looked toward the civil service as a career.

By common agreement, the State deferred the establishment of a civil service system until the first great spurt of government activity had passed. Even before the civil service system emerged, a civil servants' union was created. Characteristically, the first significant step toward rationalization of government employment was the signing of a labor agreement between the Civil Servants Union and the Provisional Government on February 10, 1949. It specified that employees would be dismissed only after negotiation with the union and primarily on the basis of seniority. The union was affiliated with the Histadrut, and the Labor Agreement, in effect, made the Histadrut a partner in determining conditions of employment and dismissal in the Government service. For several years, this Agreement provided the legal basis for the operation of a civil service system. On November 22, 1949, the cabinet decided to in-

³ Edwin Samuel, *Problems of Government in the State of Israel* (Jerusalem: Rubin Mass, Publisher, 1956), p. 62. Samuel's essay is largely reprinted in his "A New Civil Service for Israel," *Public Administration*, vol. 34 (Summer 1956), pp. 135-141.

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introduce a limited system of written examinations for the higher grades in the service, and the Civil Service Department of the Ministry of Finance began to give such examinations intermittently.

In 1953, after long preparation, the Government introduced a draft bill which aimed to take the politics out of government employment. But the parties were not yet willing to accept their responsibilities as integral parts of a modern government to the extent of adopting a self-denying ordinance in favor of a non-party civil service.⁴ The main emphasis of the bill again reflected the preoccupation of civil servants and the country generally with protecting workers by restricting the Government's right to discipline or dismiss them for incompetence or behavior unbecoming a civil servant.

A revised draft was prepared in 1955 by the Civil Service Commission, but its further consideration was held to be untimely, and it was not submitted to the Knesset. It repeated the emphasis upon the rights and prerogatives of employees, and continued the partnership of the Histadrut and the Government in the civil service system by requiring the Government to consult with and obtain the approval of employee unions before altering regulations dealing with working conditions in the service. No further action on the draft bill was taken during 1956.

The concentration of the Ministry of Finance on the continuing financial crisis led it to neglect its rather undefined powers in the field of government employment. On January 1, 1951, the Finance Ministry formally relinquished its personnel duties to the Prime Minister's Office, which created a Civil Service Commission. Mr. Zeev Sharef became Civil Service Commissioner, but he also retained his post as Government Secretary. The first regular examinations for government positions were held in December 1951; 452 candidates sat, 228 of whom passed.⁵ During 1952, several *ad*

⁴ The draft bill was submitted to the Knesset and published in *Reshumot* on May 25, 1953, as Draft Bill No. 164.

⁵ The examination system was a combination of subjective subjects traditional in the British civil service and objective examinations common in the United States. The exams lasted five days and were given in Tel Aviv and Jerusalem. The first three days of written tests covered knowledge of Hebrew, the history of Zionism, general knowledge of government, law, and public administration. A working knowledge of Hebrew was required. The fourth day was devoted to

hoc examinations were conducted to fill immediate personnel needs of the Government. Annual examinations have been conducted since then except when retrenchment policies eliminated vacancies. Sharef resigned as Commissioner at the end of 1952 because he was unable to secure the consent of the Histadrut to proposed changes in the civil service system. The post of Civil Service Commissioner was filled temporarily by an acting commissioner. Finally in January 1954, Mr. David Rosolio, a senior official of the State Comptroller's Office, was named to the post.

The Civil Service Commission has occupied a rather weak position in the governmental framework. While it developed modern techniques of examination and recruitment, it did not undertake at the outset to establish a system of position classification based upon job analysis. Instead, in Mandatory tradition it emphasized the fixing of establishments, that is, the determination of the maximum number of employees in a particular office and the specific positions to be filled in that office. Without benefit of systematic analysis of the functions and activities of various Government offices, the Commission accepted statements of these offices concerning their activities but not until long negotiations between an office and the Commission had been concluded.

The unfortunate emphasis of the Commission upon controlling the personnel and activities of the various offices has encouraged it to neglect essential service functions of providing qualified candidates for Government positions, developing leadership in personnel training, and encouraging ministries to establish effective promotional programs. Instead it ventured into work simplification and organization and methods analysis without adequate technical and professional grounding. The consequent confusion of its service and control functions has required Government administrators to devote too much time to negotiation with officials of the Commission to change the Commission's decisions on establishments. The Commission has rarely been a match for the ministries in disputes over the number and grades of employees. It lost the initiative in determining personnel requirements to the Budget Office of the

objective true-false and completion tests, commonly used in the United States, to test character, aptitudes, clerical and technical abilities, etc. The fifth day consisted of interviews with boards of Government officials and outsiders.

NUMBER OF GOVERNMENT EMPLOYEES

Ministry of Finance, which strongly influences the final determination of the budgets of the various ministries.

The Histadrut's goal to maintain a worker's security in his job has been accompanied by civil service rules that have all but eliminated flexibility in personnel administration. Israel moved rapidly from an extremely loose personnel system based on party patronage to a rigidity that constantly challenges the ingenuity and imagination of officials seeking ways to circumvent the rules. The system has become oppressively tight, and the administrative machine has become "a prisoner of its own procedure."

The Commission has been criticized for recruiting too much by precise job descriptions and for giving too little attention to general questions and potentialities of candidates. A UN report in 1956 notes that the rigid outlook of the Commission tends to fragment the civil service staff into self-contained groups, reduces opportunities for inter-ministerial mobility, hampers personnel development, and retards the growth of the civil service.⁶

The excessive rigidity of the civil service is explained in part by the desire to hasten the transition from a spoils to a merit system. But it has been caused also by the imperative need to weld the heterogeneous personnel of the Government into a unified body. As Commissioner Sharef explained in December 1951: "The last 2,700 persons we appointed came from fifty-five countries. Half of them entered the country within the last three years and knew no Hebrew when they came. Among them were men whose training was in the religious schools of Ruthenia, others who graduated from the University of California, men from Brazil and Peru, from Estonia and Algeria. You can imagine the difficulties!"⁷ On April 1, 1955, less than four years later, only 17 per cent of all civil servants were born in Israel, while 40 per cent of all civil servants had immigrated to Israel after 1948.⁸

NUMBER OF GOVERNMENT EMPLOYEES

Employment rolls have grown rapidly in the Government. From

⁶ Hindmarsh, *op. cit.*, p. 45, para. 157.

⁷ "Israel Now Tests Its Civil Servants," *The New York Times*, December 27, 1951.

⁸ Civil Service Commission, *Fifth Report*, April 1, 1954-March 31, 1955 (in Hebrew).

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TABLE 6 Government Employment, 1949-1956*

Office	Actual Employment						Budgeted Employees (7)	
	March 31, 1956 (1)	March 31, 1955 (2)	March 31, 1954 (3)	March 31, 1953 (4)	March 31, 1952 (5)	Sept. 30, 1951 (6)	1950/51 Budget	1949/50 Budget
President & Kneset	469	417	376	353	323	267	193	181
President's Office	13	11	12	9	9	9	12	10
Kneset Offices	100	91	90	90	82	80	84	65
State Comptroller	356	315	274	254	232	178	197	106
Government Ministries	39,628	38,042	35,896	30,409	27,085	22,662	21,575	15,699
Prime Minister's Office	837	868	653	503	517	675	573	527
Finance	5,720	5,601	5,118	3,985	3,547	2,554	1,917	1,542
Defense	1,044	1,017	1,035	948	948	843	n.a.	n.a.
Health	4,716	4,566	3,973	3,470	2,901	2,562	2,109	952
Religious Affairs	283	282	282	105	72	59	62	48
Foreign Affairs	604	561	559	502	313	312	304	208
Education & Culture	807	730	534	590	545	191	435	201
Agriculture	1,891	1,858	1,728	966	723	1,326	574	435
Commerce & Industry	1,186	1,251	1,516	2,256	2,813	578	1,850	1,394
Police	7,456	7,109	7,273	6,014	5,550	5,010	4,919	3,512
Justice	867	889	833	717	679	724	677	621
Social Welfare	837	729	700	566	310	290	261	150
Labor	2,204	2,080	1,730	1,540	910	886	755	531
Development	117	123	117	67	49	—	—	—
Interior	677	616	647	557	451	354	343	245
Posts	5,822	5,657	5,748	4,783	3,496	3,199	3,555	2,726
Communication	3,560	4,105	3,995	2,890	3,035	2,858	2,865	2,276
Offices	n.a.	627	648	613	634	537	389	358
Ports	n.a.	1,343	1,177	675	732	672	791	657
Railways	n.a.	2,135	2,170	1,602	1,669	1,649	1,685	1,261
Other	—	—	—	—	226	241	276	331
Total	40,097	38,459	36,272	30,762	27,408	22,929	21,768	15,880

Notes to Table 6 on opposite page

NUMBER OF GOVERNMENT EMPLOYEES

Notes to Table 6

* Permanent, temporary, and casual. Does not include teachers, soldiers, or civilian employees of Israel Defense Force.

- (1) From *Government Year-Book*, 5717 (1956), pp. 54-55.
- (2) From *Government Year-Book*, 5716 (1955), p. 33. Slightly revised figures are published in Civil Service Commission, *Fifth Report*, 1954/55 (in Hebrew). Total figure in latter source is 37,942.
- (3) From *Government Year-Book*, 5715 (1954), pp. 29-30; and Civil Service Commission, *Fourth Report*, 1953/54 (in Hebrew).
- (4) From Civil Service Commission, *Third Report*, 1952/53, Table No. 1 (in Hebrew).
- (5) From *Government Year-Book*, 5713 (1952), pp. 418-19; and Civil Service Commission, *Second Report*, October 1, 1951-March 31, 1952, p. 53 (in Hebrew).
- (6) From Civil Service Commission, *First Report*, January 1-September 30, 1951, p. 65 (in Hebrew).
- (7) From Civil Service Commission, *Second Report*, October 1, 1951-March 31, 1952, p. 55 (in Hebrew).

1948 to 1950, the number of Government employees rose from about 3,000 to approximately 15,000. By 1953, the number had doubled to 30,000 and increased again to 40,000 by 1956. These figures include police and prison personnel but do not include school teachers, who are employed by local authorities but are paid by the Ministry of Education and Culture. If teachers in public elementary and kindergarten schools are included, the number is 50,000 or more. Nearly half of all employees, excluding teachers, are engaged in transport and communications services (postal, ports, railway, airports, telephone, telegraph, and radio) and police and prison work.⁹

Excluding teachers, about 30 per cent of the total staff in 1955 were clerks; 18 per cent police and prison personnel; 16 per cent laborers; 10 per cent service operators (drivers, telephonists, etc.); 10 per cent professional and technical personnel; and 16 per cent miscellaneous. About half of all central government employees work in Tel Aviv, 20 per cent in Jerusalem, the capital, and over 25 per cent in Haifa. Annual turnover, which averaged about 20 per cent in 1952-53, has been reduced to less than 10 per cent.

In 1954-55, there were 1,962 dismissals and resignations from the service (6.3% of all employees), excluding police and teachers,

⁹ On a different basis, the State Comptroller has calculated a somewhat higher level of government employment. Excluding teachers, his total for March 31, 1954, was more than 40,000. Including teachers, the total number of civilians employed in State services and enterprises was over 56,000.

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TABLE 7

Comparison of Government Employees, 1955 and 1952, by Activity

Activity	March 31, 1955		March 31, 1952	
	Employees	Per Cent	Employees	Per Cent
Transport (Postal and Communication)	9,762	25.3	6,531	23.8
Law Enforcement	7,998	20.8	6,229	22.7
Welfare and Health	6,307	16.4	3,828	14.0
Finance	5,601	14.5	3,547	12.9
Economic Regulation and Development	5,312	13.8	4,495	16.4
General Government	1,901	5.0	1,517	5.5
Defense and Foreign Affairs	1,578	4.1	1,261	4.6
Total	38,459	100.0	27,408	100.0

Source: State of Israel, *Government Year-Book 5716 (1955)* and *5713 (1952)*.

whereas the comparable figure for the three previous years averaged about 3,800. The shortage of alternative employment opportunities has undoubtedly reduced resignations and made it rather difficult to effect dismissals for incompetence except as an emergency measure to reduce government expenditures.¹⁰

GRADES, SALARIES, AND WORKING CONDITIONS IN THE CIVIL SERVICE

During the Mandate different salary systems were used by the Mandatory, the Histadrut, and the Jewish Agency. The Mandatory had a small number of grades with salaries that did not overlap. Top salaries were at least ten times greater than those at the bottom of the scale, and an employee could get small annual increments without being promoted. The Histadrut had a single grade for all employees with allowances for family status and seniority. Under this system, which was subsequently modified, rank and file employees were frequently paid more than senior officials because they had larger families or greater seniority. The Jewish Agency had a number of short overlapping grades, which were more indicative of status and prestige than were salary differ-

¹⁰ The statistics are drawn from the Civil Service Commission, *Fourth Report*, April 1, 1953-March 31, 1954, and *Fifth Report*, April 1, 1954-March 31, 1955 (both in Hebrew).

GRADES, SALARIES, AND CONDITIONS

entials. The spread between the highest and lowest salaries was narrower than those of the Mandate but wider than the Histadrut system allowed.

At the outset the Government adopted the Jewish Agency salary system in which the ratio of the highest to the lowest salaries was about 6 to 1. Beginning in 1951, the ratio was reduced drastically approaching equality. The effects on the civil service were very adverse. Low salaries at the top discouraged entry to the service and forced government workers to find additional employment to supplement their inadequate salaries. Employees fatigued by a long working day in two jobs divided their energy and attention and could scarcely work at maximum capacity. Apart from socialist or egalitarian ideals, the salary structure proved to be wasteful and destructive.

The differential in salaries was reduced in the period from 1951 to 1955 by the simple expedient of paying, in addition to family and other allowances, a cost-of-living allowance on only a fixed portion of the salary. As prices increased rapidly in the early 1950's, cost-of-living increases and the greater tax liability at the upper salary levels wiped out most of the difference between the highest and lowest salaries. In the period from the Mandate to the

TABLE 8

Ratio of Highest to Lowest Gross Salaries in the Civil Service, 1949-1956

<i>Year</i>	<i>Ratio</i>
1949	6 to 1
December 1951	3 to 1
1952	2 to 1
August 1953	1.5 to 1
January 1954	1.3 to 1
1955	2 to 1
April 1956	3.7 to 1

State, 1940-1955, real salaries of junior civil servants increased about 150 per cent, while those of senior officials declined approximately 60 per cent. After 1951, whenever senior officials won their case for increases, salaries of junior civil servants were also raised.

Loss of incentive and decline in morale at the senior levels led eventually to the appointment in November 1954 of a special com-

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mittee of inquiry on civil service salaries headed by Mr. Guri, the chairman of the Knesset Finance Committee. After months of study, the Guri Committee filed an interim report in June and a final report in August 1955. It endorsed the principle of greater differentials in salaries and advocated a reduction in the number of separate grades. The Guri Committee sought to increase salaries in the senior grades by adding fixed bonuses to basic salaries at these grades and paying the cost-of-living increases on the full salary rather than the first IL. 125. While the basic salaries at the lower levels (grades 7-15) would not be increased, employees at

TABLE 9

Basic Wage Scale, 1951, 1953, and 1956*

<i>Grade</i>	<i>November 1951</i>	<i>October 1953</i>	<i>May 1956</i>
1	IL.150	IL.260	IL.580
2	139	225	430
3	129	195	345
4	120	170	270
5	112	148	210
6	104	113	155
7	97	104	135
8	90	95	115
9	84	88	100
10	78	81	92
11	73	76	85
12	68	71.5	78
13	64	67	72
14	61	64.5	67
15	57	60	63

* Does not include family and cost-of-living allowances and other supplementary pay. In June 1956, the cost-of-living allowance ranged from IL. 94 to IL. 140 according to salary.

those grades would receive compensation for overtime work. The Committee's proposals were not based on systematic examination of government employment or clarification of the economic principle of using salary differentials as incentives toward higher productive effort. Instead they were clearly the result of a bargaining process in which only minimal concessions were made to senior civil servants on the dangerous inflationary precedent of paying cost-of-living increases on the whole salary.

GRADES, SALARIES, AND CONDITIONS

The dispute over the Guri Report created a deep rift between academic-professional circles and the rest of the Government. It touched off persistent demands for pay adjustments in all ranks. Strikes of government employees were called only to be postponed at the last moment. Ministers negotiated extensively with the Civil Service Commission, the Civil Servants Union, and Histadrut officials. Finally in August 1955, the cabinet adopted the main portion of the Guri Report proposals. Except in the top grade, salaries in the senior ranks would receive 60 per cent of the proposed increases in basic salary. However, the removal of the salary ceiling for the payment of cost-of-living increases was rejected, and increases in the senior ranks were matched by similar increases in the junior ranks. In view of its difficult financial position, the Government proposed to pay part of the increases immediately and the rest later.

In 1956 the Government, which had retreated from the principle of widening salary differentials, indicated that it could not carry through its 1955 promise to senior civil servants. A series of strikes beginning in February 1956 broke out to demonstrate the revolt of the senior civil servants and intellectuals. In particular, government doctors and engineers, who spearheaded the strike, had reached the depth of discouragement. The Progressive member of the cabinet resigned in protest against the Government's refusal to raise salaries at the senior ranks and returned only after agreement to raise salaries was reached. *The Jerusalem Post*, which usually expresses the official Mapai position, explained:

The professional workers in this country have without doubt reached a rock-bottom of simple discouragement. . . . In Israel for obvious reasons, the social prestige has gone to the pioneers of land-building and nation-building; such money as there is has certainly not gone to the employed professionals, whose slight advantage in earning capacity has been effectively levelled down by years of equal cost-of-living allowances for all. After a generation of intellectuals who struggled voluntarily to regain the status of workers in the attempt to reconstitute the nation, we have theoreticians on the left who think all salaries could be equalized, even though the self-employed are entitled to earn

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what they can, and on the other hand doctors who claim that this country is not so much poor as ignorant and contemptuous of professional service.¹¹

After a thirteen-day strike by the professional and academic workers, the Government acceded to the main demands and agreed to pay during 1956 two thirds of the increases approved in 1955, with the balance to be paid in 1957 and 1958. Following the turbulence of 1955-56 on the salary issue, the Government, with the approval of the Histadrut and the Civil Servants Union, instituted a new basic wage scale on May 22, 1956, which widened salary differentials between grades.

Government salaries in Israel generally compare unfavorably with those of other countries. In 1952, when the differential was about 2 to 1 in Israel, it was about 10 to 1 in France and 6 to 1 in Switzerland, the United States, and the Soviet Union.¹² In 1953-54, office messengers were paid more than in France, West Germany, Italy, South Africa, and Turkey; approximately the same in Great Britain; but less than in Belgium, Denmark, Norway, and Switzerland. Only two countries paid higher salaries to stenotypists: Belgium and Switzerland. But as positions move up the salary scale, Israel generally paid less than most countries. At the highest levels, only Italy rivaled Israel for position at the bottom of the salary ladder.¹³

In addition to the scale of pay that applies principally to administrative and clerical workers, six separate scales have been laid down for physicians, lawyers, engineers, social workers, other professionally trained persons (including economists, chemists, archeologists, psychologists, etc.), certain laboratory workers, and laborers. Despite the multiplicity of grading systems, the range of salary differentials is extremely narrow. Salary administration is inordinately complex as a result, and the task of job classification has been complicated.

¹¹ "Civil Service Strike," *The Jerusalem Post*, February 8, 1956.

¹² From Memorandum of the State Comptroller to the Minister of Finance, November 1952; reported in the *Annual Report of the State Comptroller of Israel*, No. 3, 1951-52, p. 67ff.

¹³ Data from *International Labor Review*, vol. 67 (March 1953); and David Jarvis, "Paying the Civil Servant, Here and Abroad," *The Jerusalem Post*, March 8, 1954.

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A troublesome feature of the Government wage structure was the unfavorable relation of Government salaries to those prevailing in public corporations financed mainly by Government funds. Since the assignment of officials to executive positions in public corporations was often governed by political considerations, higher salaries in the corporations offended senior Government officials. In June 1955, the Guri Committee recommended that the salaries paid by the public corporations and the Government be equalized. In June 1956, on the basis of recommendations of an inter-ministerial Salary Council, the Government took a first step toward equalizing civil service and corporation salaries by abolishing the so-called thirteenth-month salary customarily paid to corporation employees.

Under the Mandate, official working hours were set first at 42 and later 40 hours per week. The Government has varied the working week from 42 to 47 hours.¹⁴ Theoretically, if employees worked 5 per cent more time when the hours were increased to 45 in 1956, it should have been possible to dismiss 5 per cent of the workers. In practical terms the result was more likely a small increase in output at the expense of a reduction in quality. The strongest case against the increase in hours was made by Edwin Samuel:

The besetting sin in Government offices is still overwork. Yet whenever the situation begins to improve, the opportunity is taken of some crisis (and there are crises all the time) to drive the staff harder than ever. If the result were an increase in the volume and quality of the work done, it might be worth while. But only very few officials respond to such demands for extra work. They are often those who are enthusiastically working overtime anyhow: to encourage them to increase the pace is of little service to the country or to themselves. Persistent overstrain takes years off the effective working life of every man and woman.¹⁵

¹⁴ The Government at first established a working week of 46 hours. It reduced the period to 42 in July 1951 and increased it to 47 in January 1952. It was later reduced to 42.5 hours and increased to 45 again in January 1956. Hourly figures usually overstate actual working time because they include a break for lunch not legally a part of the working day.

¹⁵ Edwin Samuel, Principal, The Israel Institute of Public Administration,

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Working time is not distributed over the day. All employees come to work at 7:30 A.M. and work until 2:30 P.M., except on Tuesdays when offices are open until 4:30, and on Fridays, when they close a half-hour sooner for the Sabbath. Long lunch hours have been impractical because of the lack of suitable restaurant facilities and bus services. These hours place an almost unmanageable burden on local transport facilities, but they make it possible for an employee to work at a second job when his government office closes for the day. Consequently, the official work schedule tends to make the civil service overtired and encourages bad service to the public. Many civil servants have the unfortunate habit of eating at their desks, even while interviewing visitors. But as long as civil servants breakfast before 7 A.M. and eat lunch when they get home around three in the afternoon, they will continue to eat on the job.

Office accommodations are understandably inadequate. On the other hand, employees are encouraged to undergo further training by special salary allowances for training. They receive extensive medical services from Kupat Cholim, the Histadrut health service, and vacations with pay, and are eligible to take vacations in a civil servants' rest home. They may participate voluntarily in special seminars and lectures designed to broaden their knowledge of governmental problems and to help them become more efficient and loyal civil servants.

Since the enactment of the State Service (Benefits) Law, 5715-1955 in June 1955, a government employee receives compensation on leaving the civil service whether he resigns or retires.¹⁶ Under the Act, a retired employee receives a maximum pension of 70 per cent of his salary at the end of twenty-five years' work. In order to protect retired workers against inflation, pensions are proportionate to the salary currently prevailing in the grade in which the pensioner left the service. The amount of the pension depends on the period of service and the salary earned, but in no case is it less than 20 per cent of the last monthly salary. Pensions

letter to the editor, *The Jerusalem Post*, January 7, 1956; published January 12, 1956.

¹⁶ The text of this statute is available in English translation in the State of Israel, *Government Year-Book 5716 (1955)*, pp. 414-428.

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are granted to persons who have worked ten years and have reached the age of sixty or are declared by a medical board to be unfit for further service. Civil servants of at least five years' standing who are dismissed for disability, and those employees at least forty years old who are dismissed for some other reason after ten years of work (excluding dismissal by a disciplinary court) are also eligible for pensions. Continued employment after the age of sixty-five is possible only if the Civil Service Commissioner certifies that such employment is considered vital to the State. The widow of a civil servant eligible for a pension receives 50 per cent of the pension, while her dependent children receive 15 per cent each. Orphan children receive an additional payment.

A person who passes a qualifying examination is eligible for government employment provided he can demonstrate a satisfactory knowledge of Hebrew, is physically fit, and will not be employed in an office where a member of his family already works. It is possible to dismiss an employee for incompetence provided the supervising official is willing to undergo negotiations with union committees and entreaties not to fire an employee for welfare and other reasons unrelated to working efficiency. Given the powerful standing of the Civil Servants Union and aggressive union committees in individual offices, administrators often prefer not to attempt to dismiss an incompetent worker.

The legal right of a minister to dismiss an employee has been consistently upheld by the Supreme Court. Even when a court has cleared an employee of criminal charges, the minister may refuse to reinstate the employee. For example, in a 1956 case the Supreme Court refused to intervene in a decision of the Finance Minister not to reemploy an official of the Customs and Excise Department who had been accused of accepting bribes and of breach of trust but was later cleared by the Haifa District Court. The official had worked five years in the Department prior to his dismissal on suspicion of accepting bribes from a wine factory where he was excise inspector. Despite the demand of the Civil Servants Union that the inspector be restored to his position, the Court maintained its established precedent of upholding the right of a minister to dismiss any employee he sees fit.

*PROBLEMS OF VALUE AND CONDUCT IN THE
CIVIL SERVICE*

In a civil service that has not yet developed a comprehensive loyalty to the nation and is still assimilating thousands of recent immigrants, instances of corruption and fraud are inevitable. The need for adequate ethical standards for government employees is heightened by the prevailing low salaries at middle and senior levels in the civil service. Laxity of administration and the underdeveloped state of central housekeeping services in many ministries, especially those involving purchase and use of supplies and equipment, offer a continuing temptation to a small minority of civil servants who are prepared to utilize their official position for private gain. Nevertheless, in the light of the mixed character of civil service personnel, the incidence of corruption has been relatively slight in Israel.

During its first decade, Israel encountered many situations involving a conflict of interests of an official or employee. The basic problem has been the absence of defined norms of acceptable conduct to guide civil servants. The State Comptroller has suggested specific norms of ethical conduct, but the Government has been slow in developing a suitable code of ethics.¹⁷ Most political parties have indicated little interest in developing an acceptable code of ethics for civil servants. However, Mapai has been concerned about preventing its members from enjoying certain fringe benefits of official life, including entertainment allowances, official residences, or use of a public facility, such as an automobile, for private benefit.

In December 1955, the Mapai Control Committee recommended rules of ethical behavior to guide Mapai leaders. It proposed that

¹⁷ In his fifth annual report, the Comptroller urged that no official be permitted to deal with any citizen with whom he has had private business contacts. The shortage of qualified experts in many fields may frequently force the Government to employ an official or consultant whose private interests impinge on his official duties. In such cases, the Comptroller urged that such a person should terminate business relations with private persons with whom he has come into contact officially and be properly supervised and checked by his superiors. The Comptroller has insisted that no employee should be permitted to have an interest in or benefit from a contract or business undertaken with the State or participate in the management or ownership of a company that does business with the State. See State Comptroller of Israel, *Annual Report No. 5* (Jerusalem: December 1954, English translation), pp. 142-143.

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persons employed abroad by the State, the Histadrut, the Jewish Agency, or any other public body should be paid according to the salary scale prevailing in Israel; expenses should be standardized and kept within reasonable bounds; and salaries and fees of special advisers and experts should not permit the accumulation of large savings. It urged that missions abroad be limited to the most urgent business and should be sanctioned only by the highest authority in the public body. In addition, representatives of Mapai should build only modest houses, and the Histadrut should stop its public building not essential for public welfare. No official should be given a car for personal use, unless the nature of his work requires constant travel to different parts of the country.¹⁸

When cases of corruption arise, an investigator from the Civil Service Commission examines the charges against an employee, and the Attorney General handles the prosecution before the Disciplinary Court, an independent body functioning within the Civil Service Commission. Complaints frequently arise from newspapers and from citizens who have been offended or hurt by the behavior of an employee. Some ministries may uncover instances through their own investigation. In disciplinary cases, an employee has the right to counsel and the right to call witnesses. The Court is headed by an official of the Commission, and assisted by representatives of the Ministry of Justice and the Civil Servants Union. Judgments are based on the public interest rather than judicial rules of evidence or legal technicalities. Punishment may range from a reprimand to outright dismissal, although the latter has been very infrequent. Enforcement is entrusted to individual ministries.

If criminal charges are involved, the case is referred to the police. Many of the cases deal with such matters as abusing government transport for personal use; unseemly conduct toward other civil servants; falsification of documents; and exploiting the status of civil servant for personal gain. In 1953-54, for example, the Disciplinary Courts dealt with 106 charges. They found 40 officials guilty, dropped charges against 33, and referred 7 cases to the police. Six of those found guilty resigned, and others were punished by demotion, docking of seniority pay, and withdrawal of other privileges.

¹⁸ Reported in *The Jewish Agency's Digest*, December 31, 1955, and *The Jerusalem Post*, December 17, 1955.

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The behavior of minor officials serving the public has often been marked by discourtesy and by a concept that the citizen exists to serve the bureaucrat. In the rather chaotic conditions of 1949-50, when whole villages of immigrants were arriving almost daily, rude, unfriendly, and inefficient conduct of civil servants was confusing and annoying but plausible. By 1954, however, only the failure of the Government to train civil servants in civility and efficiency explained such conduct. The clearest analysis of the unfortunate aspects of bureaucratic behavior has been made by the State Comptroller, in 1954. For one month his staff observed relations between citizens and officials in 198 offices in fifteen ministries.¹⁹

They found that citizens wasted much time and energy because the Government often failed to supply adequate information to direct the public properly and give instructions to guide their actions. Personal contacts between officials and citizens were described as frequently unsatisfactory. Officials were often unprepared for interviews, essential information was lacking, waiting rooms were too small and lacked chairs, and queues were unruly. Offices were disorderly, and interviews were interrupted constantly. Interview results were often poor. Reasons for denying applications were not always given, decisions sometimes were not recorded, and officials occasionally overreached their authority or threatened citizens. Many matters handled by personal interview could have been handled more efficiently by correspondence at considerable savings both to the Government and the citizen.

The Comptroller's staff also found that correspondence and official forms were often poor. Letters were frequently unclear, ambiguous, and excessively technical. Instructions for completing forms were lacking or unintelligible. Replies were rarely handled promptly. However, unseemly conduct of citizens frequently provoked patient officials. Citizens lost their tempers, pushed to the head of queues, burst into offices, and acted unreasonably.

The State Comptroller traced these unsatisfactory relations to the immaturity of the civil service, its lack of tradition, low salaries,

¹⁹ The study, entitled "Operation State Services and the Citizen," is fully reported in the State Comptroller of Israel, *Annual Report No. 5* (Jerusalem: December 1954, English translation), pp. 32-67.

DEPOLITICIZING CIVIL SERVICE

traditionally negative attitudes of many Jews toward governmental authority, party patronage, and favoritism to particular economic groups. He suggested several ways to improve relations.

Officials who deal regularly with the public should be selected more carefully in the light of their personal qualities. They must be trained to give information clearly and accurately and to understand the applicable laws and regulations. Their authority to act in various types of cases must be clearly defined so that they neither exceed their authority nor unnecessarily refer matters to their superiors. More business should be transacted by correspondence to eliminate travel of many citizens to Jerusalem or another main center, and in instances which require the personal appearance of the citizen, authority should be delegated, whenever possible, to district or local offices. Better publicity concerning official policies would keep the public informed and strengthen its confidence that public officials act fairly.

DEPOLITICIZING THE CIVIL SERVICE

Despite the conversion of the civil service into party fortresses in 1949-50, considerable progress has been made in depoliticizing government employment. Election laws forbid heads of divisions and their chiefs to participate in electioneering. In June 1955, the cabinet extended the statutory prohibitions to other senior officials, public health nurses, social welfare workers, professional and administrative staff, and the employment staff of the Ministry of Labor.

Change of Government in November 1955 resulted in very few changes, for partisan reasons, in senior positions. By previous agreement between the Government and Civil Service Commission a minister was permitted to appoint, outside of civil service regulations, only his personal chauffeur, private secretary, and manager of his own office. The new cabinet also agreed that a minister's nominee for director general had to be referred first to a public commission of three distinguished citizens and then to the Civil Service Commission for approval before coming before the cabinet. At the outset, the new Government appointed only four new directors general, and less than ten other senior officials were changed.

It is still too early to say that a tradition of reappointment of directors general has already developed, but a promising beginning has been made. Previously a new minister usually brought a director general with him. Since September 1954, directors general have permanent civil service status; they can be dismissed only by transfer to another position of suitable rank and distinction. Before 1955, retiring directors general were readily transferred to executive posts in public corporations. After 1955, few vacancies were available.

In the Ministry of Health, for example, the new minister retained the director general but made a number of changes in other key positions by transferring current personnel to other positions at similar grades within the Ministry. In a few ministries, the directors general resigned voluntarily to return to their former professions or businesses. In order to protect themselves against dismissal on political grounds, the Association of Senior Government Officials interceded with the Prime Minister and members of the cabinet. It saw "no justification for sinecures in Government service to satisfy demand for 'spoils' by party servitors, especially in the light of recent efforts to cut Government expenditure."²⁰

The status of the director general as general manager of ministry operations might be clarified if a minister had one or more deputy ministers to whom he might delegate major political responsibility. In their absence a director general becomes politically involved and runs the risk of making himself unacceptable to another minister. In any case, it would seem desirable to enable a minister to appoint as his director general a man whom he trusts fully. Perhaps the emphasis on tenure ought to stop at the level of division chiefs and deputy directors general where the distinction between administrative responsibilities and political involvement is relatively clear. In any case, it is doubtful whether Israel has yet achieved, or will ever achieve, the stability of the British civil service which makes the position of permanent under-secretary logical and workable in England.

While patronage has declined markedly in the appointment of new officials, it would be an exaggeration to state that the civil

²⁰ Quoted in *The Jerusalem Post*, December 29, 1955.

service has been neutralized. Officials appointed for political reasons do not easily convert partisan loyalties into a nonpolitical loyalty to the service as a whole. On the other hand, the sobering effect of governing has modified values and attitudes of leaders of the major coalition parties. But neutralization of the civil service has not yet been accepted by the Knesset or supported fully by coalition governments.

A PORTRAIT OF SENIOR OFFICIALS: 1953

On March 31, 1953, 158 officials served in the top civil service grades: 1, 2, and 3. They included directors general, division chiefs, and persons of equivalent rank. The personnel files of 45 per cent of these senior officials located in about half of the ministries were analyzed.²¹ One out of ten senior officials in 1953 was born in Palestine, while six out of ten came either from Germany, Russia, or Poland. Nearly two out of ten came from Lithuania, Hungary, or Romania. Although Germany supplied nearly 25 per cent of senior officials, those from Russia tended to dominate the two highest grades.

Their median age was between 46 and 50. Forty per cent of them were over 50, and only 15 per cent were under 40. Of those not born in Palestine, the year of immigration ranged from 1908 to 1952. Generally, the higher the rank the earlier the year of immigration. In addition to one out of ten born in the country, three out of ten came before and six out of ten after 1933. Three fourths of the senior officials have had university training, and many have a doctor's degree in law, economics, or philosophy from German universities. Two out of seventy-one had only an elementary school education, and one of these has been among Israel's best administrators.

Employment histories of senior officials reveal that at least 21 per cent occupied high office in the Jewish Agency or National Council, and 17 per cent came from senior technical and pro-

²¹ The sample included 10 officials out of 24 in grade 1; 7 officials out of 30 in grade 2; and 54 officials out of 104 in grade 3. The sample was 71 of the total of 158. They were located in the following ministries: the Prime Minister's Office, and the ministries of Communications, Finance, Posts, Health, Commerce and Industry, and Social Welfare.

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fessional posts in the Mandatory government. Characteristically, officials from the Jewish Agency had extensive experience with political work, while the Mandatory officials tended to be tax administrators, engineering experts, doctors, and accountants.

TABLE 10

Senior Civil Servants, Grades 1-3, by Country of Origin, March 31, 1953

<i>Country</i>	<i>Grade 1</i>	<i>Grade 2</i>	<i>Grade 3</i>	<i>Total</i>	<i>Per Cent of Total</i>
Germany	—	1	15	16	24.0
Russia	4	3	6	13	19.0
Poland	1	—	11	12	18.0
Palestine	—	1	6	7	9.5
Lithuania	1	—	4	5	7.5
Hungary	—	1	3	4	6.0
Romania	1	—	2	3	4.5
Austria	2	—	—	2	3.0
Czechoslovakia	—	—	1	1	1.5
United States	—	—	1	1	1.5
England	—	—	1	1	1.5
South Africa	—	—	1	1	1.5
Italy	—	—	1	1	1.5
unknown	1	1	2		
Total	10	7	54	71	100.0

Source: Compiled from personnel files of Civil Service Commission.

TABLE 11

Senior Civil Servants, Grades 1-3, by Age Group, March 31, 1953

<i>Grade</i>	<i>Age Group</i>					<i>Not Available</i>	<i>Total</i>
	36-40	41-45	46-50	51-60	61-73		
1	1	1	3	4	—	1	10
2	1	—	1	3	1	1	7
3	8	18	7	17	2	2	54
Total	10	19	11	24	3	4	71
Per Cent of Total	14.9	28.4	16.4	35.8	4.5		100.0

Source: Compiled from personnel files of Civil Service Commission.

SENIOR OFFICIALS: 1953

TABLE 12

Senior Civil Servants, Grades 1-3, by Year of Immigration, March 31, 1953

Grade	Born in		Year of Immigration									Not Avail.	Total
	Palestine	1908-1912	1913-1917	1918-1922	1923-1927	1928-1932	1933-1937	1938-1942	1943-1947	1948-1952			
1	—	1	1	1	3	—	2	1	—	—	1	10	
2	1	—	1	—	—	1	1	1	—	—	2	7	
3	6	1	—	3	6	2	19	9	1	4	3	54	
Total	7	2	2	4	9	3	22	11	1	4	6	71	
Per Cent of Total	10	3	3	6	14	5	34	17	2	6		100	

Source: Compiled from personnel files of Civil Service Commission.

TABLE 13

Senior Civil Servants, Grades 1-3, by Educational Achievement, March 31, 1953

Grade	University	Secondary School	Elementary School	Not Available	Total
1	5	4	1	—	10
2	2	4	—	1	7
3	43	7	1	3	54
Total	50	15	2	4	71
Per Cent of Total	75	22	3		100.0

Source: Compiled from personnel files of Civil Service Commission.

TABLE 14

Senior Civil Servants, Grades 1-3, by Previous Experience, March 31, 1953

Grade	Jewish Agency				Not Available	Total
	Mandatory	Vaad Leumi	Histadrut	Other		
1	1	4	—	5	—	10
2	1	2	—	4	—	7
3	10	9	2	32	1	54
Total	12	15	2	41	1	71
Per Cent of Total	17	21	3	59		100.0

Source: Compiled from personnel files of Civil Service Commission.

ADMINISTRATION AND CIVIL SERVICE

MAJOR CIVIL SERVICE PROBLEMS

Israel's civil service system has developed in less than a decade with eruptive force. Given the obstacles confronting its rational evolution, the results have been very good. On the other hand, the immature civil service has been overwhelmed by great tasks. It has grown in numbers and responsibility faster than it has been able to train employees and devote attention to considerations of operating effectiveness and ethics. It may be helpful to summarize its major problems today.

Loyalty to the State is, understandably, underdeveloped. There is too little sense of one public service. Party allegiance here and there may still supersede national loyalty, and newer immigrants in lower ranking jobs have not yet been taught the meaning of national loyalty. Although progress is being made, neutrality and objectivity based on a meaningful concept of the public interest have not yet supplanted official discrimination in favor of the official's old friends and associates. Fragmentation of loyalty in the civil service frequently takes the form of "protektzia," or organized favoritism based on previous associations and values.

Salaries, especially at the upper ranks, have been kept low because of attachment to egalitarian principles. The narrow differential between upper and lower ranks in the civil service discourages incentive and demoralizes senior officials who look toward a career in public service. It encourages waste and discourages imaginative leadership. It tends to increase consciousness of the prerogatives of rank and position partly in compensation for low salaries.

Physical facilities in government offices are often depressingly inadequate. Inadequate office space, poor furnishings, and the lack of modern office machines lead to inefficiency and frustration.

The civil service system has developed a highly defensive attitude toward the rights of existing personnel. Rules and regulations deal with limitations on the Government's right to dismiss or discipline a worker rather than techniques for developing a more dynamic and positive approach toward personnel administration. The civil service has moved quickly from excessive looseness to rigid legalism and red tape, and has developed an inflexible outlook and orientation toward personnel administration that confuses services to

MAJOR CIVIL SERVICE PROBLEMS

ministries with control over them. Insufficient attention has been given to the development of the potentialities of government employees. Israel has lagged behind its employees in fulfilling the need for training facilities in the Government. With the help of the United Nations, steps were taken during 1954-56 to supply the leadership and technical knowledge required to institute progressive training programs. Nevertheless, individual ministries, with two or three major exceptions, have not devoted attention to the task of teaching employees to execute their tasks with reasonable competence.²²

Public administration in Israel is characterized by certain bureaucratic tendencies. At the top, officials are usually overworked. They work long hours to maintain control over offices that tend to be over-centralized, and their span of control is too broad. Generally they have been reluctant to delegate authority even when subordinates seemed prepared for heavier responsibility. Minor officials, on the other hand, have a tendency toward sluggishness and arrogance. Protection of their position is often their major preoccupation on the job.

In accordance with Zionist tradition, many officials exhibit astonishing capacity to improvise organization and procedure but little ability to plan on a comprehensive basis. Ministries generally devote inadequate attention to managerial details, and central housekeeping services are poorly developed. The Zionist habit of giving all points of view an opportunity to be heard has led the Government to make excessive use of committees which absorb a disproportionate amount of time of senior officials and whose decisions frequently exhibit the indecisiveness of political compromise. Not enough office machinery is available to clerical staffs, and too much handwork is done inefficiently and slowly. Too many people

²² The exceptions are worth noting. The Ministry of Finance developed a school that teaches middle and senior level officials over a period of several months the intricacies of government fiscal policy and administration. The Ministry of Foreign Affairs overcame opposition and established a program to recruit a number of top university graduates each year to serve as trainees to furnish a core of applicants for important diplomatic positions. The Office of the State Comptroller began in 1953 a similar program to recruit and train university graduates for responsible employment. The Civil Service Commission has not been friendly to the independent efforts of these offices. However, training officers have now been authorized for all ministries.

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provide services to senior officials, such as chauffeurs (drivers) and receptionists. Key vacancies have been left unfilled for long periods because of the shortage of good candidates.

The Histadrut and the Civil Servants Union affiliated with it have exercised a powerful influence on the civil service. Their mature union outlook is hardly suited to the underdeveloped civil service system of Israel. Traditional union emphasis upon protecting workers against exploitation has been accompanied by demands to share with Government authority to make key decisions affecting the workers' welfare. The Histadrut has not adjusted its traditional values to the dominant needs in the civil service: the development of a tradition transcending loyalty to union or party; a sensitiveness to the requisites of effective public service; and an imaginative program that not only safeguards the interests of workers but also promotes a dynamic and efficient civil service.

The task facing the Government of Israel is to promote efficiency and effective performance within the existing framework of coalition government and intense partisanship. What is encouraging about the experience of the first decade is that some progress has been made within the existing framework. Partisan interests now play a less divisive role in public administration. Here and there standards of performance have been raised substantially, and efficiency has improved. First steps toward training government employees at middle and senior levels have been taken. The incidence of arbitrary action and behavior of government employees has probably declined, and the civil service now works in a friendlier atmosphere. In comparison with the Mandatory civil service, it has been suggested that "Israel has got by 1956 (after eight years) where Palestine got by 1935—that is, in about double the time."²³

²³ Edwin Samuel, "A New Civil Service for Israel," *Public Administration*, vol. 34 (Summer 1956), p. 141.

Chapter 7 The Struggle for Economic Independence

ZIONISM AND ECONOMIC DEVELOPMENT

Israel's problems of economic development have been aptly termed an economist's nightmare. However, some knowledge of Zionist economic development during the Mandate helps to account for otherwise strange and bizarre factors in the economy of Israel. First of all, Zionist groups in Palestine were able to carry on their settlement and development activities free from the sovereign responsibilities of working toward economic independence. Most Zionist leaders were unfamiliar with conventional economic concepts, such as the balance of trade and international payments. Secondly, generations of struggle against dire obstacles taught Zionists to value determination and energy and to neglect economic considerations. Third, the socialist bent of many leading Zionists in Palestine sustained the Zionist drive toward social justice for all and strengthened the influence of egalitarian ideals. Fourth, the development of a powerful labor movement which matured long before the emergence of modern industrial establishments gave the Histadrut the primary position in industry and trade. But in addition it enabled the Histadrut to establish, as fundamental social principles, a high level of wages and sharp limitations on managerial prerogatives. The Jewish community of Palestine learned from the Histadrut to accept the view that high wages, seniority rights of workers, and other protective measures for labor were justified not by the economic productiveness of labor but by social and egalitarian ideals. And fifth, many decisions to build factories and establish workshops and agricultural settlements were motivated not by the belief that such undertakings would necessarily be profitable but because they would help Zionists to acquire a stronger foothold in various sections of the country. When the British left the country abruptly in 1948, the Jews carried over the views and practices which had developed under colonial status. In economic policy, consequently, the transition from Mandatory dependence to sovereign statehood has been especially difficult.

Since 1948, non-economic factors of military security and settle-

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ment of immigrants have dominated industrial and agricultural development. These components in the economy have been viewed as matters of the highest political and moral significance that cannot be measured against narrow economic and financial considerations. Conspicuous success in disproving informed estimates of the absorptive capacity of the Jewish homeland in Palestine and the survival capacity of the Jewish economy convinced Israelis that economics, as a tool of analysis, was irrelevant and possibly harmful. In Zionist tradition, economics was an alien discipline which undervalued the trained capacity of Zionists to endure hardships, undergo continuing sacrifice, persevere against frightful obstacles, and still maintain an exuberant sense of pioneering adventure and an optimistic preoccupation with the future.

The harsh exigencies of the Israeli economy have gradually forced the country to understand some elementary economic concepts. Knowledgeable bankers, professors of economics, journalists, and foreign experts have had a cumulative impact upon the thinking of leading politicians and Government officials unaccustomed to rigorous economic analysis. Official and private criticism from Government advisers and foreign technical assistance experts coupled with the growing influence of local bankers and economists concerned with monetary policy and currency control have slowly changed the context of discussion of issues of economic policy. Nevertheless, after ten years, economic factors had not yet achieved a major position in the formulation of basic policies of national security and immigration. From the Israeli point of view, economics would remain secondary as long as Jews were persecuted or lived in filthy ghettos in North Africa, Eastern Europe, or Asia and until peace with the Arab states had been achieved.

The Government has not been sufficiently unified to enable it to consider, adopt, and execute comprehensive economic plans. Although coalition government has been skillful in achieving temporary compromises among the parties, it has lacked the cohesiveness that effective planning requires. The coalition parties have had almost no relevant experience to help them to become sensitive to theoretical and practical questions of economic growth. The kibbutz prototype of agricultural development was scarcely an appropriate model for converting former residents of North

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African ghettos or inmates of Nazi concentration camps into productive farmers. The strong patriarchal systems of Morocco and Yemen were not congenial to the culture, democratic sharing of work, and de-emphasis of family life characteristic of the collective settlements. Nor did the rather weak and uncertain growth of Palestinian industry give Jews a firm basis upon which to build an efficient industrial system. Lack of manufacturing experience and the Histadrut's welfare orientation toward industrial growth gave rise to a complex of union and governmental relations that frustrated the private sector and enhanced the Histadrut sector of the economy.

BASIC FACTORS IN THE ECONOMY OF ISRAEL

Israel is poor in physical resources. About sixty per cent of its total land area is desert which, prior to statehood, had not been cultivated for hundreds of years. Seasonal rainfall, which is fairly adequate in the north, becomes progressively less so toward the south, and agriculture is productive and profitable only under irrigation. Thus the husbanding and exploitation of scarce water resources has been accorded one of the highest priorities in national policy. Until Israel proceeds with the development of the Jordan River channel, it will have available no important source of hydro-electric power. Given the absence of coal, electric power is generated entirely from steam produced from imported oil. The discovery of a small oil field in 1955 in the southern coastal plain has raised hopes for further discoveries that would decrease Israel's dependence on oil imports. Extensive mineral resources have been found in the Negev. The exploitation of substantial deposits of potash in the Dead Sea area, phosphates, copper, ceramic clays and sands, and other ores and minerals has proceeded with considerable difficulty. Through the afforestation program of the Jewish National Fund and the colonizing activities of the State, the face of the land is gradually being changed from a yellowed, rocky barrenness to lush green valleys and hillsides. But the land becomes productive in direct ratio to the amount of labor and money invested in irrigation, afforestation, land clearing, and agricultural training.

Poverty in physical resources is matched by poverty in human

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resources. Israel is a relatively underdeveloped country bent on expanding its economy rapidly and developing a modern technological society. But it has had to absorb 800,000 immigrants, including a high proportion of children and needy aged persons, in less than ten years. A vast proportion of them possessed no skills, and the majority were ignorant of the most elementary knowledge of mechanization and machinery. Only 28 per cent of all immigrants who came to Israel between 1950 and 1956 had been gainfully employed in their countries of origin, and of these, more than 54 per cent were artisans and small traders. Many of those rescued from concentration camps required skillful, compassionate treatment before they could become healthy members of society.

The composition of the labor force is very unsatisfactory. A smaller proportion of the population works in Israel than anywhere else in the western world, and the proportion of those working actively in the production of goods is lower than anywhere else in the world. Comparatively fewer people produce goods and more people are engaged in services and trades. In proportion, one third fewer Israeli women are working than American women, while proportionally fewer persons aged 14 to 19 years and over 55 work in Israel than in the United States. There are too many people in developed urban areas and too few workers in the undeveloped parts of the country.

In its final report to the Government of Israel in July 1955, the Economic Advisory Staff was concerned particularly about the low proportion of the population working or seeking work and the low proportion of the labor force engaged in producing essential commodities. Three basic factors have contributed to the manpower problem. First, Israel has not yet been able to provide productive employment for a large part of its population increase. Second, many immigrants are completely untrained, unfit to work, and cannot easily be trained. Their deficiencies as productive workers have not been overcome by vigorous vocational training programs. And third, the high degree of job security consciousness, sustained by the Histadrut, helps to keep inefficient workers on the job and reduces incentives for better management, lower operating costs, and readiness to compete on the market.

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TABLE 15

Civilian Labor Force, by Economic Pursuit, 1954 and 1955

<i>Economic Pursuit</i>	<i>(percentages of total)</i>	
	<i>June 1954</i>	<i>November 1955</i>
Agriculture, forestry and fisheries	17.8	18.0
Mining and Minerals	0.5	0.3
Manufacturing (industries and crafts)	21.9	21.6
Building and Public Works	9.0	9.0
Electricity, Water, and Sanitary Services	1.9	1.2
Commerce and Banking	12.8	13.9
Transport and Communications	6.4	6.6
Services, including Government	29.4	29.4
Total	100.0	100.0

Source: Government of Israel, Central Bureau of Statistics, as reprinted in Bank of Israel, *Annual Report 1955* (The Government Printer: Jerusalem, August 1956, English version), Table 59, p. 89.

The price of survival in a hostile environment has been high. Economic boycott by the Arab states has directly cost Israel about \$40 million a year and has slowed down the pace of economic development by closing nearby markets to Israel goods and services and by cutting off sources of supply. The closing of the Suez Canal

TABLE 16

Gainfully Employed in Agriculture, Industry, and Mining as Percentage of the Labor Force, by Selected Countries

<i>Country</i>	<i>Year</i>	<i>Per Cent Gainfully Employed</i>
Thailand	1947	87
Egypt	1947	76
Japan	1950	65
France	1946	60
Belgium	1947	55
Argentina	1947	48
United States	1950	41
Israel	1954	40.2*
Israel	1955	39.9*

* In Israel, the small percentage of those gainfully employed in agriculture and industry is not due to high productivity, especially in agriculture, as is the case in economically developed countries.

Source: For Israel: *Manpower Survey*, November 1955. For other countries: International Labor Office, *Yearbook of Labor Statistics, 1954*. Presented in Bank of Israel, *Annual Report 1955*, English version, Table 61, p. 90.

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by Egypt to Israeli ships not only affected the Israeli economy adversely but provided Egypt with a major tool of propaganda and diplomacy in the continuing state of belligerency against Israel. In addition, military defense has siphoned funds away from essential civilian programs of economic and cultural development. As the Sinai war in late October 1956 made brutally clear, Israel's economic development is severely restricted by the higher priority that must be given to national security.

Considerations of national security have frequently been paramount in many decisions of public policy, especially those concerning the rate of immigration and the character of agricultural settlement. Apart from factors of morality and compassion for human suffering, mass immigration in periods of economic instability has been justified by demands for more manpower for the defense of Israel and the settlement of outlying areas near Arab frontiers. Thus a section of the northern Negev, the Lachish area, has been newly settled, beginning in 1955, with immigrants transported from ship to villages already prepared to house and feed them and staffed by instructors ready to begin the laborious task of training the immigrants for farming and other occupations. These agricultural villages have been supplied water to irrigate the desert at a cost that cannot be justified by the prospective economic return from farming. But economic considerations were overcome by powerful arguments that the land could be protected against attack and invasion only by peopling it with settlers capable of defending their villages. Strategy for survival left little room for more conventional economic considerations in the formulation of public policy.

An effective solution to Israel's basic economic problem of how to produce better and more cheaply has been jeopardized by a set of related conditions that has been extremely difficult to alter rapidly. Despite the shortage of trained manpower and the excessive numbers of workers engaged in non-essential or non-productive work, Israel has been able to maintain a relatively high standard of living only because of an inflow of capital from abroad in the form of investments, gifts, loans, and German reparations payments. The availability of foreign capital to close the wide gap between imports and exports has enabled the country to improve

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its living standard without moving toward economic independence. Because of the great demand for consumer goods by a rapidly growing population, too much capital has been directed to consumption and too little to investment.

Writing in 1954, *The Jerusalem Post* expressed the prevailing criticism.

The pattern of 1953 has thus been faithfully followed. We are again spending beyond our means. And while we are preaching austerity and planning savings in order to release resources for productive investment the standard of living has been going up continuously.¹

Preoccupation with immediate economic well-being led the State to adopt the humanitarian but uneconomic principle of a single wage scale both for the highly trained and for the completely untrained. The objective of raising the standard of living of immigrants to the prevailing western standard could not be financed by the productive contributions of most immigrants to the economy.

The organization of industry and agriculture has not been conducive to productive efficiency. In manufacturing, employees are concentrated in very small factories with rather limited equipment, unsatisfactory management, and weak financial resources. Their production is low, and operating costs are high. A high wage scale that keeps pace with rising prices by periodic cost-of-living allowances has provided sufficient purchasing power to keep marginal and inefficient producers in business. Bankruptcies have been too low to maintain the health of the economy. Inefficient consumer goods industries have been protected. Domestic demand has outstripped productive capacity. Since Israeli producers were able to sell their products at home, they preferred not to undertake the more difficult chore of producing goods for the export market at competitive world prices. Thus the competition of the world market has been curtailed.

Industrial management has been inadequate. Strict governmental regulation of many business practices has been added to an industrial setting already dominated by the labor demands of the Histadrut. The industrial manager's solution has been to develop a

¹ Editorial, *The Jerusalem Post*, November 9, 1954.

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security system of his own by preventing competition in the market. Cartel arrangements have produced a "conspiracy" against competition that enables a producer to pay higher wages by passing the burden to consumers. Too few industrial managers have been trained to conduct their enterprises efficiently. There is a critical scarcity of capable workers willing to become foremen and workshop supervisors. Incentives to assume some managerial responsibility have been undermined by the egalitarian wage system and the strong emphasis upon job security in labor-management relations.

Generally managers of private businesses were no match for the Histadrut in imaginative planning for the use of investment funds and capital goods. But both Histadrut enterprises and private industries have made hasty investments on the basis of sentimentality and haphazard decision. Many American Zionists established duplicates of their American plants without regard to their suitability in Israel. Many plants were sustained only by continuing imports of raw materials, spare parts, and technical know-how which could not be financed from probable export earnings. Some were too small to develop low unit costs without which they would not be able to compete on the world market. Or a second plant was established when one somewhat larger firm would probably have been sufficient. Or local facilities were often built to process agricultural commodities at a far higher cost than the finished product could be purchased abroad. Too little attention has been given by private and public investors to the establishment of industries primarily in those areas where Israel has some significant advantage of climate, skill, raw material, or labor force.

During its first few years, productivity remained an occult science in Israel. However, with the help of technical assistance programs of the United Nations and the United States, the work of the Productivity Institute of the Ministry of Labor, and the pioneering efforts of a few efficient firms, the country has gradually become productivity-conscious. More and more Israelis realize that in the long run, Israel's economy will stabilize at prosperous levels only if agriculture and industry become more efficient, reduce costs, and produce goods of better and more uniform quality. In the future, accidents on the job must be reduced, and the worker's

fear that improved efficiency will deprive him of his job will have to be eradicated. More scholarships in vocational training schools will have to be provided, and manual training for children as part of their normal schooling will have to be extended to provide a pool of trained workers for industry. A general tightening of incentive wage schemes based on higher fixed norms of output will help to promote more efficient working methods.

One of the outstanding features of Israel's economy is the control of wage policy by the Histadrut, rather than the Government or business and labor jointly. Wage policy may well be the Achilles heel of the economy. Economic output has almost never determined standards of living. Rather living standards have been set on an *a priori* basis, and the country was expected to produce enough to maintain it with gaps to be filled by outside assistance. Labor is effectively directed to jobs and industries not by wage adjustments but by labor exchanges operated by the Histadrut. In wage theory, social principles triumphed over economic principles. The immigrant's threat to the high wage scale was met by keeping wage differentials for trained and untrained workers as low as possible.

While the Histadrut lays down the general line of wage demands for the entire economy, the Government has bailed it out when wage increases have led to unemployment. Because the wage standard is linked to the cost of living, the more efficient producers cannot afford to keep on marginal employees as wages increase. Hence the built-in escalator in the wage system tends to produce unemployment which leads not to lower wages but to Government employment relief programs. The Histadrut's passion for equality reflects its interests as a trade union rather than employer and industrialist. Prices are determined primarily by Histadrut wages. The inflationary atmosphere engendered by high levels of spending for defense and immigrant settlement and by cost-of-living wage increases has not been conducive to concentration on the economics of production, improvement in work efficiency, and reduction of costs. The willingness of the worker to work harder has been undermined in turn by high income taxes, Histadrut protection against dismissal or lower wages, and insufficient competition.

The principal economic difficulties have been cited repeatedly

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in official and private reports which have helped to bring about a slow change in orientation toward economic problems. By 1956, Mapai leaders in the Government were opposing Mapai leaders in the Histadrut in calling for some type of wage freeze. The repeated warnings of the Governor of the Bank of Israel and other leading bankers about inflationary tendencies are now studied more intensively. The Histadrut itself has taken a more restrained position on economic policy and curbed somewhat its passion for equality. The annual rate of increase in the cost of living declined from more than 60 per cent during 1952 to about 5 per cent in 1955, despite the arrival of 40,000 immigrants during that year. However, inflationary forces gained the upper hand again in 1956.

ECONOMIC TRENDS: 1948-1957

As one perceptive observer reported in 1953, "In the task of creating a national home the Israelis have been faced with economic problems that would have led them to despair had they not been possessed of unbounded hope, great imagination and resourcefulness, and many generous friends abroad."² During its first decade, Israel moved through three distinctive periods in its struggle to support itself by its own productive efforts without foreign gifts and loans. From 1948 to 1951, the country was preoccupied with problems of physical growth under conditions of austerity and scarcity. From 1952 to 1954, in an effort to control rampant inflation and stabilize the economy, new policies were adopted that enabled Israel to make considerable progress toward economic independence. However, beginning in 1955, a resurgence of inflationary pressures and a widening gap between imports and exports were accentuated by the nation's decision to undertake additional security measures to counter border violence and by the build-up of Egyptian offensive power. As manpower and funds were diverted to military programs, less was available for productive economic activity.

In the period 1948-51, Israel had no time to consolidate its economy according to plan. The continuance of hostilities along

² Gardner Patterson, "Israel's Economic Problems," *Foreign Affairs*, vol. 32 (January 1954), p. 310.

her borders did not discourage a tide of immigration that created an almost insuperable economic burden. At the outset, therefore, Israel had to cope with problems of defense and immigration that presented baffling problems of social engineering and public administration as well as economic policy and development. Throughout this period, the State concentrated on immediate problems of physical growth. Its full attention was devoted to a seemingly impossible attempt to build, equip, and train an adequate defense force, somehow settle and absorb tens of thousands of immigrants, and feed, clothe, and house a polyglot population wearied by war and food scarcities.

The State had inadequate facilities for central economic guidance and lacked relevant political, administrative, and economic experience on which to base a program of economic development. Direct governmental controls over production and distribution were relied upon to supply a sense of direction to the rapidly expanding economy. Detailed price and rationing controls and subsidies on consumer products failed to prevent galloping inflation. Direct controls gradually demoralized the community and finally broke down completely. The value of Israeli currency declined precariously. Some investments in new industries were committed rather recklessly and proved economically unsound and wasteful.

In February 1952, the Government announced a new economic policy that marked the beginning of the second stage of development, and a major step toward economic independence. The new policy aimed at balancing the regular budget of the State, which financed ordinary "normal" governmental programs other than economic development programs. In addition the policy was designed to curb inflation, restrict credit, and increase production. It gradually replaced rationing by directive to rationing by the purse, which permitted commodities to reach their own price levels. For the first time, extensive use was made of monetary and fiscal controls, rather than direct administrative controls over production, distribution, and prices, as the primary tool in the struggle to stabilize the economy.

In this period, industrial and agricultural production expanded, and exports increased substantially. The annual deficit in the

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balance of trade declined from \$335 million in 1951 to \$208 million in 1954, and both farm and industrial productivity began to rise perceptibly. A measure of internal economic stability was achieved, and the new policies stimulated a sober view of Israel's economic problems. Immigration dropped sharply, and improved methods of settling immigrants on the land encouraged the hope that more people would take up farming instead of supplying non-productive services in the urban centers of the country. As many marginal and inefficient producers failed, the number of jobless persons increased, and the fear of unemployment helped stimulate higher productivity.

One of the key elements in the new economic policy was the freezing of all basic wages. But take-home pay was augmented by overtime payments and premium bonuses and was adjusted upward as the cost-of-living index increased. During 1952-53, the brake on wage increases was moderately successful in keeping production costs from rising excessively. Periodic upward adjustments in wages were made in accordance with increases in the cost-of-living index. As the level of prices and wages continued to rise, inflationary pressures were strengthened. Since cost-of-living increases were paid only on part of a person's wages, they gradually narrowed the differential between technical and professional salaries and workers' wages. As a result, technical and professional employees fought for and, in 1955 and 1956, won readjustments in their salaries.

Increases in production and improvements in the balance of trade obscured some unhealthy trends. In its 1954 annual report, the Economic Advisory Staff attached to the Prime Minister's Office warned the Government that expenditures for consumption goods were mounting dangerously. Instead of investing a substantial portion of the nation's capital in agricultural and industrial enterprises and increasing exports and reducing the country's dependence on foreign aid, Israelis were spending more money on food, housing, services, and other consumer goods. The Economic Advisory Staff feared that Israelis were becoming accustomed to a standard of living sustained not by their own productive efforts but rather by a continuous flow of capital from abroad. By the end of 1954 there was agreement among Israeli and foreign economists that the country must utilize more of its own resources in its

productive facilities in order to reduce its dependence on foreign assistance.

During the third period of economic development, which began in 1955, many of the difficulties of the first period reappeared. The worsening of the situation of the Jews of North Africa, especially in Morocco, led to a renewal of large-scale immigration and the diversion of funds to finance rehabilitation and absorption of new immigrants. The conclusion of an arms agreement between Egypt and the Soviet bloc on September 27, 1955, and growing violence on Israel's frontiers, forced Israel into a preparedness program to strengthen its military defenses and striking power and to stockpile strategic commodities and consumer goods against the possibility of a prolonged war. Intensive arms production at home, military purchasing abroad, and construction of shelters and fortifications diverted huge sums to unproductive but militarily urgent activities.

Dangerous trends noted by the Economic Advisory Staff in 1954 emerged clearly in 1955. Substantial portions of the country's capital, manpower, and national resources were used to produce goods for internal consumption. New investments in farms, industrial enterprises, and mining plants calculated to produce goods for export appeared to lag. Consequently dependence on foreign imports increased, and the economic basis of Israel's relatively high standard of living became more unrealistic and more vulnerable to collapse.

Imports increased both in response to the military and industrial needs, but exports failed to improve. The foreign trade gap widened from \$208 million in 1954 to \$252 million in 1955 and increased again in 1956 to about \$266 million, despite an absolute increase in exports. Reasons for the failure of exports to increase more than imports were apparent. Higher levels of purchasing power made it easier to produce low quality goods at high prices for sale at home rather than produce high quality goods at competitive prices for export. Moreover, high labor and other costs coupled with inadequate management raised the prices of many Israeli commodities so high that they could not compete on the world market except in unusual circumstances or with the benefit of government export subsidies,

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Another adverse factor was the tendency for Israel to rely on specialized export markets, easily lost with changes in economic circumstances. For example, 12 to 15 per cent of Israel's exports had been going to Turkey within the framework of a trade agreement which freed Israel from direct competition from other countries. When Turkey was forced to curtail her imports in 1955 because of serious financial reverses, Israel exports were badly hit. As one Israeli economist observed, "the mistake of Israeli manufacturers and exporters was to depend too much on [Turkey], neglecting to search for other markets where a greater demand for Israeli exports might be developed."³ To make matters more difficult, the yield of the citrus crop, which furnishes the principal export, declined in 1955 as a result of a drought and the natural fatigue of the trees.

The resurgence of inflationary pressures was accompanied by demands for wage increases first at the higher salary levels and then at other levels. While most Government officials recognized the need to break the inflationary tie between wages and the cost of living, Histadrut officials were not willing to abandon a social wage policy, the basic premise of which is the State's responsibility for the economic welfare of the people. Moreover, high employment levels at high wages seemed wholly justified by the man in the street who was aware of impressive progress in physical production and economic growth. Despite the grave economic difficulties of the third period, oil was discovered for the first time in Heletz, in the southern coastal plain; and great progress was being made in expanding industrial crops, including cotton, peanuts, and sugar beets. Moreover, various savings schemes were becoming more popular; the railroad line to Beersheba was completed, and the first Yarkon-Negev water pipeline carrying water 65 miles from the central region to the northern Negev was completed and placed in operation. The settlement of the Lachish area in the northern Negev increased population in the Negev to more than 75,000 and strengthened immeasurably the military defenses of that area. The shops were well stocked with an impressive array of consumer goods. To the average Israeli, such tangible evidence of economic

³ Oded Remba, "Can Israel Support Herself," *Commentary*, November 1956, p. 435.

growth was convincing demonstration of the economic viability of the State and obscured the significance of a growing deficit in the balance of trade and the continuing dependence of the economy upon foreign gifts, loans, and other payments.

During 1955 and 1956, the level of economic activity in Israel rose considerably. For example, in 1955 industrial production rose 12 per cent, and the volume of building increased 16 per cent. Agricultural output rose only 3.5 per cent because of the drought. Real output increased 10 per cent, while the number of wage earners rose by only 5.5 per cent. Gross national income increased 14 per cent. Both private and public consumption grew at a more rapid rate than the increase in population. The level of investment rose 22.5 per cent, but this was due primarily to the expansion of residential building and investments in shipping, other transport industries, and electricity.⁴ As the Bank of Israel reported in 1956:

There exists a natural tendency in Israel towards expansion, characteristic of an economy built up over a relatively short period of time which has had to absorb a very large immigration in proportion to the size of the settled population. The creation of a relatively well-protected market encouraged investments, even when these had to be financed by loans at high interest rates. This tendency is not based on sufficient internal savings. Net investment in agriculture and industry has been mainly financed by capital imported from abroad, and only to a lesser extent by imports of private capital.⁵

While the monetary policies of the Bank of Israel in this period helped considerably to stem the inflationary tide and stabilize the currency, they could not reduce costs of production, increase productivity, and expand exports.⁶ The Bank concluded:

. . . the year 1955 witnessed only a very slow advance towards the solution of the basic problems facing the Israel economy. The proportion of earners in the commodity producing branches, and especially in the branches producing exports and import substitutes, increased slightly but remained low. Local produc-

⁴ Data from Bank of Israel, *Annual Report 1955* (The Government Printer: Jerusalem, 1956, English version), p. 15.

⁵ *Ibid.*, p. 16.

⁶ See *ibid.*, pp. 19-20.

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tion continued to be largely dependent on imports, despite the fact that real progress was made in some directions, notably in industrial crops, toward substituting local raw materials for imports. The heavy burden of public expenditure continued to absorb a large share of the labour force and of available materials. The tendency for production costs to rise may become still more pronounced, as wages paid to the majority of earners, as well as other production costs, increase; and this may, in turn, adversely affect the volume of employment.⁷

A bolder policy was needed to establish the primary conditions of economic progress. The essential elements of that policy have been set forth clearly:

1. a policy restricting the expansion of the money supply and the direction of credit into channels where it can encourage essential production;
2. the balancing of the Government's cash revenue and expenditure;
3. the prevention of rises in production costs;
4. the use of additional resources accruing from increased output and from capital imports for purposes that will improve the trade balance, i.e., for productive investments contributing to the expansion of exports and the production of import substitutes, or to the increasing of the country's foreign currency balances;
5. active encouragement of saving, which serves to limit current consumption; and lastly,
6. more productive and efficient employment of manpower and other factors of production.⁸

Only such "a far-sighted, constructive, and well-coordinated economic policy, utilizing the full measure of the government's fiscal, monetary, administrative, and moral tools, and demanding greater effort and more personal sacrifice from a population which has known more than its fair share of suffering and self-denial, could bring Israel nearer her goal of economic independence."⁹

⁷ *Ibid.*, p. 20.

⁸ *Ibid.*, p. 20.

⁹ Remba, *op. cit.*, p. 441.

ECONOMIC GROWTH: AGRICULTURE

ECONOMIC GROWTH: AGRICULTURE

Israel's poverty in natural resources is most clearly demonstrated in agriculture. On a per capita basis, its one million acres of arable land provide only a little more than half an acre of land whose yield is poor unless irrigated at great expense. From 1948 to 1956, the area of land under cultivation rose from approximately 400,000 to more than 900,000 acres and the area under irrigation increased from 72,500 to about 220,000 acres. While the land under cultivation has remained relatively stable since 1952, the portion under irrigation has continued to expand despite great initial expense and high costs of operation. The total area under cultivation in 1953 was about "12 to 15 per cent less than it was in the same area during the latter years of the Mandatory period," and "the production of many basic agricultural products, notably meat, wheat, olives, citrus and sugar fruits, is probably still less than half what it was in the years just before the new state was created."¹⁰ However, the agricultural economy of Israel succeeded in increasing the physical volume of production by $2\frac{1}{4}$ times from 1948 to the end of 1954 while the population doubled itself, thus achieving a slight per capita increase in farm output.

TABLE 17

Real Increase in Farm Output, 1948/49-1955/56

	(per cent)
1948/49 to 1949/50*	30
1949/50 to 1950/51	5
1950/51 to 1951/52	23
1951/52 to 1952/53	8
1952/53 to 1953/54	23
1953/54 to 1954/55	3.3
1954/55 to 1955/56	20**

* October-September.

** Provisional estimate.

Source: Bank of Israel, *Annual Report 1955*, p. 97.

While two thirds of the Arab population of Palestine had been engaged in farming just before the State was established, less than one fifth of the Palestinian Jews were farmers. Jewish refugees,

¹⁰ Gardner Patterson, *op. cit.*, pp. 314-315.

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who replaced the Arabs who fled from Israel during the Arab-Israel war, could not supply the agricultural skills which the new country desperately needed. Out of 104,000 immigrant earners who entered Israel from 1950 to 1952, only 5.5 per cent had been engaged in agriculture previously.¹¹

To fill the gap in farm manpower the Government and the Jewish Agency undertook to settle immigrants in farm areas, provided agricultural instructors, and financed agricultural development. While the population located in rural villages (those with less than 2,000 persons) increased substantially, rural population as a percentage of total population remained relatively stable throughout 1953-56 at about 17-18 per cent.¹² In September 1955, there were 66,000 farm units, an increase of about 2,000 farm units over the previous year.

Agricultural settlement has been motivated by the desire to make new immigrants productive members of the national community by settling them in areas where they could be most productive and the need to populate areas along the frontiers for defensive purposes. In accordance with the defense objective, more than 200 settlements were established to form a peripheral security chain along the borders of the country and to build a strong line of fortifications. With the development of large-scale immigration of Moroccan Jews in 1954-55, the Jewish Agency originated the "ship-to-settlement" movement to bring new immigrants directly to rural settlements prepared to receive them. Most North African immigrants wanted to maintain their distinctive social organization. Their strong reluctance to take up farming in areas distant from urban centers had to be overcome by educational and other efforts. As the former head of the Absorption Department of the Jewish Agency stated: "We can only continue to succeed in implementing the ship-to-settlement scheme if we prepare the absorption facilities, and that is not an easy job—the planning of new settlements, roads, houses, water supply lines, schools, clinics and the professional staff necessary for instruction and health. It takes all our efforts," he added, "not to be late with our absorption arrangements—to

¹¹ The Falk Foundation Project for Economic Research in Israel, *Second Annual Report 1955* (Jerusalem: May 1956), p. 11, Table 2.

¹² See Bank of Israel, *Annual Report 1955*, p. 86, Table 55.

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have them ready when the immigrant arrives, so that we can send him to a place where things are prepared for him.”¹³ The cost of resettlement was estimated at \$5,000 per family in the first year and roughly \$15,000 per family to make them independent producers.¹⁴

In the Manpower Survey of June 1954, it was disclosed that 17.8 per cent of those gainfully employed in the country worked in agriculture and related enterprises. In November 1955, 104,700 persons, or 18 per cent of all workers, were employed in agriculture. However, only 15.3 per cent of the Jews worked in agriculture compared to 50.5 per cent of the non-Jews.¹⁵

The pattern of food consumption in Israel resembles that of western European countries. Staple commodities include wheat, bread, and potatoes rather than rice. Agricultural production is mainly a function of two variables: the amount of water available for irrigation and the quantity and quality of agricultural settlement. Because of the large investments that have been made in irrigation, farm output is heavily dependent on rainfall and water supply. It was estimated in 1956 that 60 to 65 per cent of Israel's food requirements was met through local production; the Israel agricultural economy is far from meeting the demand of an ever-growing population. Local output of fruits, vegetables, eggs, and poultry is sufficient to meet domestic needs, but quantities of wheat, other cereals, oils, and meat must be imported to supplement limited local production. There will probably never be enough land available for large-scale grain growing.

Principal crops include citrus (oranges, lemons, and grapefruit), potatoes, other vegetables and fruits, wheat, barley, peanuts, cotton, and sugar beets. In the future, there will probably be less emphasis on vegetable and cereal production and more on industrial crops, including groundnuts, cotton, and sugar beets. Private ownership dominates citriculture, while communal settlements and cooperatives produce most of the grains, vegetables, and animal fodder. Citrus and other food products provide about 40 per cent of Israel's

¹³ Giora Josephthal, "Welfare Problems of Israel," reprinted in *The Jewish Agency's Digest*, December 16, 1955, p. 398.

¹⁴ *Ibid.*

¹⁵ Bank of Israel, *Annual Report 1955*, pp. 89-90.

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exports. In recent years, agriculture has continued to supply approximately one eighth of the national income.¹⁶

Because of the high cost of irrigation and agricultural settlement, progress in agricultural production has depended mainly on investment policy and financial resources. Investment in agriculture, including irrigation, has increased substantially in recent years, but the percentage of agricultural investment in total investment has fallen from 31 per cent in 1953 to 23 per cent in 1955. The Government and the Jewish Agency together have provided at least 70 per cent of investment funds in agriculture, with the balance being provided by colonization movements, banks, credit cooperatives, and other private sources. Private investment has been minor, mainly because the rate of return on investment is smaller in agriculture than it is in industry.¹⁷

Imaginative and constructive efforts to expand agricultural settlement and production have not fully solved Israel's agricultural problems. Before statehood, Jewish farmers concentrated on growing animal products: fodder, eggs, milk, veal, and pond-grown fish, while the more numerous Arab farmers produced cereals, olive oil, vegetables, and mutton. During the Arab-Israel war, much farm land was abandoned and devastated, and during the feverish expansion of the initial years of independence, some land was taken out of farming to build industrial plants, develop urban settlements, and construct railroad lines and roads. Although cheap Arab farm labor was no longer available, Israel tended to maintain the pre-war Jewish pattern of over-emphasis on grain, fodder, and other animal crops. Israelis were often disdainful of primitive Arab farming methods. Pressure to increase production quickly led to extensive mechanization to compensate for the shortage of experienced farmhands. The agricultural economy became increasingly dependent on scarce dollars to supply machinery, irrigation equipment, spare parts, and fuel oil. Furthermore, the rapid expansion of smallholders' settlements and rural cooperatives in which farm units averaged five to eight acres proved too small for

¹⁶ *Ibid.* In 1953 agriculture provided 12.6% of the national income; in 1954, 13.5%; and in 1955, 12.9%. 1953 data from Economic Advisory Staff; other data from Bank of Israel report, p. 24.

¹⁷ Bank of Israel, *Annual Report 1955*, pp. 110-111.

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efficient use of farm machinery and unsuited to cultivation of wheat, oil seeds, cotton, and other crops. Although production has improved, relatively low production at high cost levels remains characteristic of Israeli farming.

According to a leading agricultural economist, "Thorough investigations of established family farms in Israel have shown that one of the most important factors of profitability is scale of operations. . . . Dairy farms keeping four or five cows or poultry farms keeping thousands of laying hens could withstand a reverse price trend, whereas those with one or two cows or a few hundred layers suffered badly. This stands in contradiction to the practice of spreading out equipment, livestock and irrigation installations over as many farms as possible, letting each settler participate in production on a small scale. In other words, more specialization and larger farms seem to be the best way of reducing costs of production. This fact should have an important bearing on settlement methods."¹⁸

Beginning approximately in 1953, with the help of technicians and experts from the United Nations and the United States, Israel embarked on a program of planned agricultural development. Since then, cultivation of industrial crops has expanded greatly, especially cotton, sugar beets, and peanuts; the area of citrus groves has been enlarged; olive groves have been rehabilitated and worked; and the marshy Huleh area north of the Sea of Galilee has been drained and planted. In addition, settlement of the northern Negev has proceeded rapidly, and the completion of the Yarkon-Negev pipeline has improved agricultural prospects in the Negev. As a result, production has increased all along the line; and the expansion would have been greater if it were not for the toll exacted by unfavorable weather and drought. Moreover, Israel's investments in agricultural research, vocational training, soil conservation, and animal husbandry have begun to pay off in improved methods, higher yields, and a growing use of draft animals to supplant machinery. Unfortunately, full economic benefits from the success-

¹⁸ Yehuda Lowe, Economic Adviser to Joint Center for Planning of Agriculture and Settlement, "New Trends in Farming," *The Jerusalem Post*, Economic Supplement, February 26, 1957.

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ful growing of new industrial crops have not been realized because of inability to resolve some difficult problems in transporting, processing, and marketing these crops.

A continuing influx of new immigrants during 1957 placed extreme pressure on the financial and water resources of a nation already severely strained by the expense of the Sinai campaign of October-November 1956 and the temporary occupation of the Gaza strip that followed. There was a growing realization that in these circumstances large-scale founding of new farm villages was no longer feasible. Large tracts of unirrigated land in the Negev could be settled by thousands of new immigrants only if water were made available for irrigation. However, the water supply of the nation was already approaching full utilization. Irrigation costs in the Negev, moreover, are very high since water must be diverted from the north, where it is more plentiful, and expensive pipelines, reservoirs, and pumps must be constructed. High water costs in turn drive up the prices of farm products, which are already substantially higher than those of many other countries. Consequently the Ministry of Agriculture and the Jewish Agency, acting through their Joint Center for the Planning of Agriculture and Settlement, have encouraged the 225 kibbutzim, with a total population of 78,000 at the end of 1956, to absorb as many newcomers as possible. They also plan to send a higher proportion of newcomers to settlements already in existence.

ECONOMIC GROWTH: INDUSTRY

Prior to 1939, the area now constituting Israel was essentially agricultural; industrial activity was confined in the main to production of consumer goods for local consumption. The industries were small and concentrated on the final processing of imported, semi-finished products. Both World War II—when the area was cut off from imports—and the establishment of the State stimulated industrial development. Reliable data is not yet available to measure industrial growth since 1948, but it has been estimated tentatively by the Government that the volume of real industrial output expanded 60 per cent from 1950 to 1954. Further data indicates

that real output increased about 20 per cent in 1954 and another 12 per cent in 1955.¹⁹

Most of the light industry is located in and around Tel Aviv. This area includes more than half of all industrial establishments, including the foodstuffs processing industry and a large part of the textile industry. Most of the heavy industry is located in the Haifa Bay area. New industrial regions are developing near Lydda and Ramle in the central region; Beersheba in the south; and Migdal Ashkelon on the sea north of the Gaza strip. Older industrial areas, such as Natanya, Rishon-le-Zion, Hadera, and Rehovot, have been enlarged.

Israel offers liberal financial terms for the investment of foreign capital. Under the Law for the Encouragement of Capital Investment, enacted in 1950, substantial facilities and privileges are granted to foreign and local investors, including relief from property taxes in the first five years (in some cases ten) after an enterprise has been established, increased allowance for depreciation, and reductions in individual and corporate income tax rates. Under the Law, a non-resident foreign investor may transfer his profits, in the same currency in which his investment was originally made, in the amount of up to 10 per cent of his investment annually. The Ministry of Finance may permit transfer of profits in excess of 10 per cent in the case of export industries in proportion to the additional foreign currency earned by these enterprises. Under a 1955 amendment, the investment of foreign capital was further encouraged by granting a higher tax exemption for a longer period of time and faster depreciation rates. Under an agreement of August 8, 1952, between the United States and Israel, American investors with approved investments in Israel may apply to the United States government for guarantees under Section 111 (b) (3) of the Economic Cooperation Act of 1948, as amended, to insure themselves against confiscation and against the possibility of not being able to transfer their profits or assets into dollars.

On the other hand, private foreign investment has been discouraged by a complicated system of import and other licenses, a very complex tax system, steady inflation, and a waste of time required to deal with the various Government ministries. Un-

¹⁹ Bank of Israel, *Annual Report 1955*, pp. 115-116.

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fortunately, the Investment Center was not given authority to deal comprehensively with investors on such matters as import licenses, taxes, and labor relations. It could only direct investors to the myriad of Government officials who had to be consulted and whose permission had to be secured. Between 1950 and the end of 1954 new investments approved under the investment law amounted to \$43.4 million and IL. 81.4 million.²⁰ The number of new or expanded firms approved under the investment law have created a substantial number of new jobs in industrial employment.²¹ In November 1955, 127,000 persons, about 22 per cent of the labor force, were employed in industry and mining.²²

New or enlarged industries have been established in chemicals, pharmaceuticals, textiles, building materials, manufacture of precision instruments, electrical appliances, metal works, steel tubes and pipes, glass, ceramics, rubber and paper products, plastics, household and sanitary equipment, processed foods, and wearing apparel. While the output has been an impressive demonstration of the vitality of the Israeli economy, the economic foundations of many new industries are rather shaky, and in some cases, fragile. The lion's share of new investments have gone to large-scale enterprises patterned after successful models in other countries with quite different sources of supply, labor markets, and managerial facilities. There has been a "tendency to favor speculative new undertakings with possible large returns as against modest investments which would build on what previously existed and were reasonably certain to yield moderate, but only moderate, returns."²³ Even more significantly, most of the new industries are "built almost entirely of imported equipment, consume imported raw materials and semi-processed goods, are powered by imported fuel, rely on foreign producers for replacements and spare parts, and employ only small numbers of relatively unskilled, but highly paid, local labor. That is to say, Israel's contribution to the value of the final product is very small as these things go."²⁴

Large-scale investments in mining enterprises under governmental

²⁰ The Falk Foundation Project for Economic Research in Israel, *Second Annual Report 1955*, p. 84, Table 31.

²¹ *Ibid.*, p. 85, Table 32.

²³ Gardner Patterson, *op. cit.*, p. 319.

²² See Table 15, p. 187.

²⁴ *Ibid.*

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sponsorship have been made since 1952. While there has been a trend toward profitability and an increase in the output of minerals, production is still in the experimental stage. At the end of 1955, it was "still impossible to determine whether and to what extent it is economically worth exploiting minerals. . . ." ²⁵ The Dead Sea Works for the production of potash was rehabilitated and a new plant constructed. Various technical difficulties and managerial deficiencies enabled the plant to produce only 10 per cent of its capacity in 1955, but substantial improvements began in 1956. The opening of the railway line to Beersheba in 1956 has reduced transportation costs and has improved the competitive position of Israel potash on the world market. The entire output of the Phosphate Company is sold to Fertilizers and Chemicals, Ltd. for the processing of super-phosphates. In 1955, the entire production of 72,000 tons of phosphate was sold on the local market, but small quantities of super-phosphates have been sold abroad, mainly to Cyprus.

In addition to potash and phosphates, the Negev is rich in such minerals as copper, clay, and glass sand. Copper deposits containing a proved 150,000 tons of metallic copper have been discovered near the site of the mines of King Solomon in the southern desert. After several years of preparation, geological mapping, and geophysical testing, oil was discovered in September 1955. If further drillings are successful, Israel may be able to supply a significant share of its total oil requirements, which cost \$34.2 million in 1955 and much more in 1956 under conditions of military mobilization.

NATIONAL INCOME AND PRICES

Changes in the net output of Israel's economy in recent years have been determined by studies of national income. Every year since 1948 Israel has expanded its net output of goods and services even after allowance is made for a large rise in prices. On a per capita basis, it was not until 1954 that the rise in the economy's output exceeded the increase in population. "When one considers that Israel's population increased by as much as 30 per cent be-

²⁵ Bank of Israel, *Annual Report 1955*, p. 128.

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tween 1950 and 1953, the maintenance of a constant level of real income per capita must be regarded as a considerable economic achievement."²⁶

In 1954, the burden of direct and indirect taxes, before deduction of subsidies designed to lower the prices of essential commodities, was 17.5 per cent of gross national income. During 1955, because of a larger volume of indirect taxes, the total tax burden reached 20.4 per cent of gross national income.²⁷ In the structure of the national income of Israel, not quite 40 per cent originates in industry and agriculture, while local authorities and the Government produce nearly one fourth.²⁸

TABLE 18

National Income in Current and 1952 Prices, 1950-1955

Period	National Income		Per Cent Increase over Preceding Year in 1952 Prices	National Income Per Capita in 1952 Prices (in IL.)
	Current Prices (millions of IL.)	1952 Prices		
1950	373	657	—	518
1951	585	791	20.4	529
1952	856	856	8.2	533
1953	1,130	919	7.4	557
1954	1,461	1,015	10.4	601
1955	1,750	1,150	13.3	657

Source: Estimate for 1955 by Bank of Israel, *Annual Report, 1955*. Other data from The Falk Foundation for Economic Research in Israel, *Second Annual Report 1955*, p. 37, Table 12.

Israel's abrupt and violent emergence into statehood gave rise to a critical economic situation which was quickly worsened by mass immigration and rapid inflation. The introduction of the new economic policy of February 1952 signalized the objective of curbing inflation not by rationing and market controls but by fiscal and monetary means. As a result the rise in prices was gradually reduced, and by 1955 an enviable stability in prices had been achieved. The nation's respite from inflation was unfortunately

²⁶ The Falk Foundation Project for Economic Research in Israel, *Second Annual Report*, p. 38.

²⁷ Bank of Israel, *Annual Report 1955*, pp. 220-221.

²⁸ For details of origin of national income, by economic sector, see Table F, Appendix.

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only momentary. Rising prices on the world market, a crucial factor in an economy so dependent on imports, a wide breakthrough on the wage front brought on by linking wages to the cost of living, large-scale expenditures for campaigning in the 1955 election, and renewed immigration on a large scale were among the factors that influenced the upward trend of prices in 1955. During 1956, complete mobilization of the nation faced with the threat of the Moscow-Cairo-Damascus axis to national survival strengthened inflationary forces by diverting workers from productive work to national security.²⁹

²⁹ See Table G, Appendix, "Consumer's Price Index, December 1951-December 1956."

Chapter 8 Financing Economic Growth

In its first decade Israel was forced to make a rapid transition from the ordeal of war to an ordeal of economics and organization for which it was ill-prepared. In comparison with the glories and epic courage of the fighting in Israel's War of Liberation, the task of rebuilding the land and establishing a stable government capable of maintaining national security seemed lacking in luster and heroism. Instead "this phase of little things," as Ben Gurion called it, was one of painful exertion and unremitting effort "to house immigrants and absorb them, to improve abandoned and barren acres and make them fruitful again, to construct factories and workshops and extend them, to provide means of communication on land, sea, and in the air, to maintain educational, health and social insurance services and perfect them, to recruit financial resources on a scale unknown to us hitherto, for security, for the absorption of immigrants and for the services of the State and the people."

Speaking to the Knesset in February 1952, Ben Gurion warned:

The projects of immigration, security and development, which we have carried through so far, have called for enormous, colossal resources, and will call for more. . . . The Government regarded it as essential to mobilize capital from overseas so as to close the gap between imports and exports. This gap is caused by three factors, which we will be unable, easily or quickly, to remove altogether. The first is the many security needs of our small country. . . . The second is the many basic expenditures on organizing itself and developing its country which a new State must incur at the very beginning and which in older States are spread over many generations. The third, and the main one, is the assimilation of hundreds of thousands of immigrants, entirely without means, in the briefest of times, on a scale to which no other country can show a parallel.

The Prime Minister noted that

The tractors, the machines, the vehicles and the timber, the wheat, the sugar, the raw materials, the ships and the aeroplanes,

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the petrol and the pipes, and the thousands upon thousands of different things which we must have to feed our inhabitants, old and new, to house them, to settle them on the land and to employ them in productive work [must be acquired] abroad in coin and currency that are not in our possession.¹

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Since Israel has been able to earn through exports only about one fourth of the cost of the imports it needs to survive and develop its economy, it has had to seek external sources of capital. Since 1948 its financial needs have been filled, at times almost miraculously, by American economic aid, by German Reparations payments, by private foreign philanthropy, and by private foreign investment.

At the outset Israel had access to nearly \$100 million in sterling credits owed by Britain to the Palestinian Jewish economy, which it used to pay for oil and other commodities urgently required to keep the State in operation. Another \$15 million in foreign securities held by Israelis were also utilized for this purpose. When these sources of hard currency were nearly exhausted, help came from the United States, first in the form of loans from the Export-Import Bank in 1948 and 1949 totalling \$135 million, and later as outright grants-in-aid. In order to promote investment in agriculture and industry, the Government issued bonds for sale abroad beginning in May 1951. Then in September 1952, Israel secured an agreement with West Germany providing for the payment, in the form of goods and services, of \$822 million over a 12- to 14-year period as partial compensation for Nazi crimes and depredations against Jewish property.

Finally private philanthropy has been a major source of capital, especially to finance the resettlement and absorption of immigrants and to maintain cultural and educational institutions. In the half-century prior to statehood, about \$200 million had been raised from Zionist sources to sustain the Jewish national home in Palestine. Beginning in 1948, the level of voluntary giving by world

¹ These quotations are from Ben Gurion's speech to the Knesset on February 13, 1952, extracts of which are reprinted in English translation in *Israel Economic Bulletin*, vol. IV, March 1952.

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Jewry increased to about \$80-90 million annually, about 80 to 85 per cent of which came from the United States.²

TABLE 19

Foreign Capital Available to Israel, Average Annual Amounts

(millions of dollars)

<i>Source</i>	<i>Average Annual Amount</i>
American aid and technical assistance (1952-1956)	\$ 52
German Reparations (goods and services) (1953-1955)	71
Government Bonds-Sales (1951-1956)	47
Private Philanthropy (1948-1956)	89
Total	\$259

Source: Derived from data presented in the following section.

AMERICAN ECONOMIC ASSISTANCE

Between 1948 and 1956 total American governmental assistance in loans, grants, technical aid, and gifts in kind exceeded \$400 million. U.S. financial and technical assistance to Israel was part of the American government's general policy of extending aid to underdeveloped countries and an expression of the policy of helping Israel resettle its immigrants and achieve economic viability. This policy was expressed first in 1948 and 1949 in two loans from the U.S. Export-Import Bank of \$135 million, wholly repayable by 1965. In 1951, Israel was declared eligible for grants-in-aid under the Mutual Security Program administered successively in the United States by the Mutual Security Agency, the Foreign Operations Administration, and, beginning on July 1, 1955, by the International Cooperation Administration in the State Department. The grants provided Israel with dollars to purchase essential commodities in the United States and also technical advice on how to make the best use of these funds.

From July 1, 1951, to June 30, 1956, about \$260 million in American grants and technical assistance were made available to Israel. American economic aid was suspended after Israel attacked Egypt

² Estimates of Eliahu Dobkin, Chairman of the Directorate of the Keren Hayesod, United Israel Campaign, at the World Conference of Active Workers held at Beersheba on April 19, 1956. Reported in *Congress Journal*, April 25, 1956, journal of the proceedings of the World Zionist Congress.

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TABLE 20

U.S. Government Grants-in-Aid, 1951-1956

<i>Year</i>	<i>Grants-in-Aid</i>	<i>Technical Assistance</i>
1951-52	\$ 63,500,000	\$ 773,270
1952-53	70,228,000	2,636,489
1953-54	52,500,000	1,487,000
1954-55	40,000,000	1,426,000
1955-56	25,000,000	1,600,000
Total	\$251,228,000	\$7,922,000

in the Sinai Desert on October 29, 1956, but discussions of resumption of aid, mostly in the form of surplus farm commodities, were initiated again in March 1957. Expenditures from the grants are subject to approval by the United States government, and the money, as a rule, is spent only for the purchase of commodities and capital equipment in the United States. From July 1951 to June 1955, about 36 per cent of the grants was spent for food, nearly 17 per cent for fuel, about 11.5 per cent for agricultural and irrigation equipment, about 8 per cent each for agricultural supplies and for raw materials for local consumption, about 6 per cent for raw materials for export industries, and the balance for medical supplies, spare parts, investment in power, industry, and transportation, and housing construction.³

A distinctive feature of the American grants is the legal requirement for "counterpart funds," which provides that beneficiary countries must match dollars received with its equivalent in their own currency. When goods financed by grants arrive in Israel ports, they are released to the importer or ultimate consumer against payment in Israel pounds at the prevailing rate of exchange. These funds are deposited in the "counterpart fund," which is then used by the Government to finance development projects. From July 1951 to June 1955, about IL.237 million was thus accumulated to finance developmental projects approved jointly by American and Israeli officials. Beginning in 1954, the United States government converted part of its new grants into long-term loans repayable

³ For details of American economic assistance, see Table H, Appendix, United States Government Assistance to Israel, 1951-1955.

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in Israel pounds and made available another part in the form of surplus agricultural products.

Technical assistance funds are used mainly to pay for the services of American experts and local staffs of the United States Operations Mission, which administers the grant and technical assistance programs under direction of the International Cooperation Administration. American experts, selected with the joint approval of the two governments, work with qualified Israelis on selected projects. By 1956, over 200 Americans in a variety of technical and specialized fields had served with the United States Operations Mission in Tel Aviv. In addition the program enables selected Israeli technicians to spend from three months to one year of advanced study and travel in the United States.

The United States has extended economic assistance in forms other than loans, grants, and technical assistance. Food relief shipments worth about \$20 million were sent to Israel in 1950 to alleviate a difficult supply situation. Agriculture surpluses worth an estimated \$3.6 million have been shipped to supplement local supplies of food which had declined as a result of drought damages. These surpluses were sold to Israel against payment in pounds, and 75 per cent of the counterpart fund was loaned back to Israel for a period of 30 years at low interest rates. A somewhat similar arrangement has been made for the purchase of \$9.4 million worth of agricultural surpluses to provide a working reserve in Israel storehouses. Books, publications, and phonograph records valued at more than \$6 million have been sent to Israel against payment in pounds under the Media Guarantee Program. The United States Government reimburses American publishers in dollars and uses payments made by Israelis in pounds to finance educational, cultural, and scientific projects in Israel.

GERMAN REPARATIONS PAYMENTS

Of the four major sources of foreign currency, German Reparations had become, by 1955, the largest single source. In September 1952, the West German Government contracted to pay, in goods and services, a sum of 3,450 billion Deutsche Marks (DM), equivalent to about \$822 million, over a period of 12 to 14 years, to meet the needs of Jewish refugees in Israel and elsewhere. Three billion

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DM, or about \$715 million, represents the West German Government's obligation to the Government of Israel for partial compensation for the cost of integrating in Israel refugees from territories formerly under German rule. Germany agreed to pay the balance of 450 million DM, or about \$107 million, to Israel in similar goods and services in satisfaction of material claims presented by the Conference on Jewish Material Claims Against Germany, with Israel assuming the obligation for arranging payment of that sum to the Claims Conference. The latter amount has been earmarked for non-Israeli organizations as a token payment for heirless and unclaimed Jewish assets in Germany, to be used for relief and rehabilitation of persecuted Jews now scattered throughout the world.

Although a special plan enabling Israel to use German balances in the European Payments Union to pay for oil imports from Britain went into effect in the closing months of 1952, general purchases under the Reparations Agreement did not begin until July 1953. Israel received reparations goods valued at \$41 million in 1953; \$82 million in 1954; and \$89 million in 1955. By November 1956, nearly \$300 million in goods and services had been received and an additional \$120 million worth of goods was on order, mainly for capital equipment. Slightly more than half of the funds (52 per cent) was used to purchase machinery and equipment for industry, mining, railway development, and electric power stations. Another 20 per cent was used to buy iron, steel, and other metals, principally copper and zinc; 17 per cent has been spent for raw materials, including fertilizers; 5 per cent for food and consumer goods; and the remaining 5 per cent for miscellaneous expenses, including transportation, insurance, administrative expenses, and services. Fuel oil, purchased under separate agreement, accounted for \$90 million.⁴

The Reparations Company, a government corporation, administers the reparations scheme. It is headed by a board of directors whose chairman is the Treasurer of the Jewish Agency. The Minister of Commerce and Industry acts as the liaison between the Company and the cabinet. The current affairs of the Company

⁴ Data in this paragraph is taken from press accounts of a speech by the acting manager of the Reparations Company on November 2, 1956. See *The Jerusalem Post*, November 6, 1956.

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are directed by a managing director. Actual purchases are arranged by the Company's Purchasing Mission located in Cologne. The Company is advised by a council representing all major economic institutions in the country. The first managing director of the Company was a high Histadrut official and manager of Solel Boneh, the Histadrut construction company. Fears expressed by representatives of the private sector of the economy that reparations would increase the Histadrut's influence and control over the nation's economy might have been minimized had this official resigned his Histadrut post when he became managing director of the reparations program.

The Reparations Company organized a system for ordering, receiving, and delivering goods, and for financing purchases by consumers in Israel. Goods ordered by manufacturers or distributors are sold to them in Israel pounds by the Reparations Company, and the proceeds are applied to the Government's development budget. Despite urgent recommendations by advisers to the Government in 1952 and 1953 to adopt a comprehensive plan of economic development for the use of reparation funds, no such development plan was adopted by the Government. Instead, from year to year, general priorities for purchases are fixed in the Government's development budget and in the allocation of available foreign currency; and reparations goods are ordered independently by the Government, the Jewish Agency, Histadrut industries, and private firms according to their respective requirements. Applications for reparations goods are reviewed and cleared by an allocations committee which is responsible to a Government committee of economic ministers. Preference is given to enterprises which will improve the export position of the country, establish their plants in designated development areas, or order equipment worth at least \$500,000.

Since the reparations scheme began to function, private firms have complained that most of the reparations goods have gone to the Government and to the Histadrut sector of the economy. However, private firms have not been quick to purchase industrial goods and equipment probably because of the uncertainties of long-term investment. In view of the inflationary tendencies of the economy and the tightness of credit available for private industrial

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development, private entrepreneurs have turned to opportunities for quick profit instead. In addition, the lack of raw materials and the high costs of production have made it difficult for any but the largest firms to undertake major investment schemes made possible by the reparations program. To fill the gap, the Government and the Histadrut, both of which are more willing and able than private capital to take risks, have stepped in with proposals to utilize the unused capital goods quota for investments in basic industry. The Histadrut, for example, has called for the establishment of an integrated steel industry, a diesel engine manufacturing plant, and other heavy industry.

In addition to reparations payments to the Government, citizens now receive payments from Germany on their claims for restitution growing out of the loss of property and livelihood in areas formerly under German rule. These payments increased from \$3.3 million in 1953 to \$18.8 million in 1955.⁵ These payments have stimulated demand for consumer goods and residential housing, and the Government has attempted to divert them into productive channels in order to limit their inflationary effects.

PRIVATE PHILANTHROPY : THE UNITED ISRAEL APPEAL AND OTHER FUNDS

During the first eight years of Israel's existence, the United Israel Appeal, chief beneficiary of the campaigns of the United Jewish Appeal throughout the world, received in Israel a sum of \$483 million, of which \$73 million was in the form of loans to enable the Government to consolidate its short-term loans. The objective of these campaigns was to finance the transportation of immigrants to Israel and their resettlement and transition to productive citizens. Various other fund campaigns have raised an additional \$230 million, of which the Jewish National Fund contributed \$25 million; Youth Aliyah (a child rescue and rehabilitation agency operated by the Jewish Agency and financed partly by Hadassah, the American Women's Zionist organization, and other Zionist groups), \$25 million; Joint Distribution Committee-Malben (another beneficiary of the United Jewish Appeal cam-

⁵ Bank of Israel, *Annual Report 1955*, Table 31, p. 52.

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paings which operates a network of institutions in Israel for the care of handicapped immigrants), \$57 million; and other funds, including the Histadrut campaign, Hadassah, other Zionist groups, and higher institutions of learning, \$110 million. All campaigns together have contributed \$713 million in eight years, or an average of \$89 million annually, of which \$60 million (only \$50 million excluding the Consolidation Loan) was provided by the United Israel Appeal, and nearly \$30 million by other institutional fund drives.⁶

During this period, about 83 per cent of the income of the United Israel Appeal has come from the United States, although the relative share contributed by other countries has increased since 1948 when countries other than the United States contributed only 9 per cent of the total. The next largest sums are contributed by South Africa and Canada. This outpouring of private funds from world Jewry is unprecedented in the modern annals of philanthropy.

ISRAEL GOVERNMENT BONDS

In order to raise additional funds for investment in industry, agriculture, transportation, and electricity, the Government began the sale of bonds in foreign countries in May 1951. From that time until September 1956, total sales of bonds amounted to \$248 million, or nearly \$47 million annually. More than 800,000 individual bonds have been sold, mostly in the United States.⁷ By September 1956, about 11 per cent of the total value of all bonds sold had been redeemed, but more than half of the funds paid out to redeem bonds was reinvested in Israel industry or reassigned to philanthropic enterprises.

Net return to Israel from the sale of bonds is difficult to determine exactly. Administrative expenses of the bond sales organization in the United States, amounting to at least 10 per cent of gross sales, must be deducted from cash proceeds available to Israel but not from its accrued liabilities under the Bond program. Fur-

⁶ The data on private philanthropy is taken from Dobkin, *op. cit.*, footnote 2.

⁷ Data from report by Dr. Joseph J. Schwartz, vice-president of the Bond Organization, presented to the Bond Drive Conference, Washington, D. C., September 22, 1956.

FOREIGN TRADE

thermore, proceeds from current sales of bonds must be used in part to pay interest accruing during the year on bonds sold in previous years.⁸

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Israel's unfavorable balance of trade, which was 9 to 1 in 1949 was reduced to 4 to 1 by the end of 1955. While the excess of imports over exports was still formidable, the nation was producing and exporting more goods abroad.

TABLE 21

Balance of Trade, 1949-1955

(millions of dollars)

<i>Period</i>	<i>Imports</i>	<i>Exports</i>	<i>Trade Deficit</i>	<i>Physical Exports as Per Cent of Imports</i>
1949	253.1	28.6	224.5	11.6
1950	298.8	35.1	263.7	11.7
1951	379.8	44.8	335.0	11.8
1952	323.1	44.5	278.6	13.7
1953	281.9	56.3	225.6	20.0
1954	295.8	87.7	208.1	29.6
1955	338.1	86.2	251.9	25.4

Source: *Bank of Israel Bulletin*, No. 3, July 1956, p. 56.

Israel's two major exports have been citrus and polished industrial diamonds. In 1949, these two exports accounted for four fifths of all exports, and since that time they have represented about three fifths of all exports by dollar value.⁹ The data presented thus far represents the gross value of exports, including their

⁸ Two series of bonds have been sold. From 1951 to the end of 1953, two types of bonds in the Independence series were sold, amounting to \$145 million. One was a 3½% Debenture, with coupons for 15 years, in denominations of \$500 to \$100,000, paying interest at 3½% annually. The second was a 12-year savings bond in denominations from \$50 to \$10,000, redeemable in 12 years from the date of issue at 150 per cent of its nominal value. A second series of Development Bonds was issued beginning in January 1954. Again there were two types of bonds similar to those of the previous series except that the coupon bonds carried 4 per cent interest, and the savings bonds were redeemable after 10 years at 150 per cent of their nominal value. From January 1954 to September 1, 1956, \$103 million worth of Development Bonds were sold.

⁹ For details, see Table I, Appendix, Exports by Principal Commodities, 1949-1956.

import component. The net income of exports can be calculated by isolating the added value of the exports. Although such data is somewhat impressionistic, it has been calculated that only 14 per cent of all diamond exports represents value added in Israel industry; while the value added by citrus exports is about 70 per cent. In industrial exports generally, the value added is about 40 per cent. In terms of their contribution to the Israel economy, diamond exports are much less significant than citrus and industrial exports.

The four most important purchasers of Israeli goods have been the United States, the United Kingdom, Turkey, and Finland, who, until 1956, absorbed about 60 per cent of all exports. But beginning in 1956 exports to Turkey and Finland declined because of marketing difficulties. In Turkey, a considerable rise in prices in the Turkish market restricted Israel's imports from Turkey and consequently, Turkey's imports from Israel. In Finland, which was moving gradually from a controlled economy to unrestricted commerce, Israel found it difficult to meet price competition from the goods of other countries.

Exports under trade agreements have accounted for 40 per cent of total exports. Beginning in 1949, there were three main motives for concluding such agreements with other countries: to encourage exports, to facilitate capital and property transfers by new immigrants, and to assure a steady supply of certain commodities. More recently the encouragement of exports has become the sole important reason for maintaining trade agreements.

From 1949 to 1956, Israel's imports ranged from about \$250 million to \$380 million annually. During 1955, 16 per cent of all imports were consumer goods; slightly more than 50 per cent were raw materials; 23 per cent were investment goods; and 10 per cent was for fuel.¹⁰ Nearly 60 per cent of all imports have been supplied by the United States, West Germany (under the Reparations agreement) and the United Kingdom, with Turkey, Netherlands, and France following in that order.

The gap between exports and imports remains an ominous sign

¹⁰ For details, see Table J, Appendix, Imports by Economic Destination, 1949-1955.

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of Israel's continuing dependence on foreign aid. However, the country doubled the per capita value of export production from \$24 in 1949 to \$48 in 1955. Israel will remain dependent on foreign governments and private philanthropy until it can balance production against consumption. However, the growth of agriculture and industry and the increase in exports since 1948 indicate that the margin of dependency can be reduced substantially if the economic pressure of military mobilization and immigrant resettlement and absorption can be reduced.

THE GOVERNMENT'S ROLE IN FINANCING ECONOMIC DEVELOPMENT

Over forty per cent of total expenditures in Israel is funnelled through the Government, but the Israeli citizen does not carry all of the burden. In recent years, from 25 to 30 per cent of all governmental expenditures have been financed by foreign assistance funds. The budget of the national government is divided into two major parts: the regular budget, which is financed through an income tax and other sources of local revenue; and the development budget which is financed largely through foreign income from bond sales, reparations, and American grants-in-aid, and is used to finance investments in agriculture, manufacturing, mining, housing, transport, and electricity.

Expenditures from the regular budget for the 1955-56 fiscal year were divided according to major purpose in the following way: about 25 per cent was devoted to social services administered by the ministries of Health, Religious Affairs, Education and Culture, Social Welfare, Labor, and Defense (for veterans); about 18 per cent for police and defense; about 7 per cent for administrative services of the ministries of Foreign Affairs, Justice, and Interior, the Prime Minister's Office, and the Office of the State Comptroller; about 7 per cent for debt service; about 6.5 per cent for economic services of the ministries of Finance, Agriculture, Development, and Commerce and Industry; about 15 per cent for "special expenditure," including unspecified additional sums for defense; 10 per cent for operation of transport and communications services

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TABLE 22

Actual Government Revenue and Expenditure: 1948/1949 to 1955/1956
(IL. millions)

Fiscal Year*	Regular Budget		Development Budget		Total Budget	
	Revenue	Expenditure	Revenue	Expenditure	Revenue	Expenditure
1948/49	28.9	27.5	—	—	28.9	27.5
1949/50	57.0	58.6	35.9	35.2	92.9	93.8
1950/51	88.7	82.0	61.4	67.4	150.1	149.4
1951/52	128.4	135.5	67.9	73.5	196.3	209.0
1952/53	186.7	186.8	108.8	100.8	295.5	287.6
1953/54	247.2	232.5	155.0	164.2	402.2	396.7
1954/55	344.3	331.5	314.4	293.1	658.6	624.6
1955/56	438.9	429.3	345.6	349.0	785.0	778.3

* April 1-March 31.

Source: *Bank of Israel Bulletin*, No. 3, July 1956, p. 54. Slightly different figures are given in the *Government Year-Book*, 5717 (1956), pp. 202-206.

by the Ministry of Transport and Communications; and the balance for miscellaneous purposes.¹¹

During 1955-56 internal revenues amounting to IL. 438.9 million were collected to finance the expenditures of the regular budget. As Table 23 indicates, indirect taxes—customs, excise, and purchase taxes—contribute a larger share of the ordinary revenue than direct taxes—mainly income taxes. The main reason is that the great majority of individual taxpayers are in low income groups. A list of taxpayers published by the Government for the 1952-53 fiscal year shows that only about a dozen individuals declared incomes in the top brackets of more than IL. 30,000 a year. Several of these were Arab landowners. In that same year, less than one per cent earned the equivalent of \$5,000 or more; 47 per cent earned between the equivalent of \$833 and \$1,667; and 22 per cent earned less than \$833. During 1954-55, a representative income for a white collar worker in a fairly responsible position was IL.300 (\$166) a month, on which a married man with two children paid a 10 per cent income tax. In 1956 Israeli workers paid taxes on income at a very high rate in comparison with American workers. (See Table 24).

With the technical assistance of the United Nations and the United States, income tax administration has improved markedly

¹¹ Based on data in *Bank of Israel Bulletin*, No. 3, July 1956, pp. 54-55.

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TABLE 23

Regular Government Revenue, by Main Sources, 1955 '56

<i>Source of Revenue</i>	<i>Amount in IL. (millions)</i>	<i>Per Cent of Total</i>
Income Tax	153.0	35.0
Property taxes	4.4	1.0
General customs	63.4	14.4
Customs on fuel	33.3	7.6
Duties excise (on cement, tobacco, liquor, and tires)	47.3	10.7
Luxury, purchase, and travel taxes	36.8	8.4
Stamp revenue taxes and revenue from services and license fees	22.3	5.1
Interest collections and collections on account of Government property	18.7	4.2
Income of Ministry of Transport and Communications	46.5	10.5
Special revenues	2.8	0.6
Miscellaneous	8.4	1.9
Total	438.9	100.0

Source: *Bank of Israel Bulletin*, No. 3, July 1956, p. 54.

in recent years, and income tax revenues have increased substantially. On the other hand, small independent businessmen and artisans have complained that the high rate of taxation tends to stifle initiative and makes it difficult to operate a small business. Taxes of salaried persons are deducted at the source, but self-employed persons must report their income. When tax officials consider reported income to be inaccurate, they may fix the tax by assessment subject to later adjustment. This procedure has

TABLE 24

Comparison of Income Tax Liabilities of American and Israeli Workers, April 1956
(dollars)

<i>Income</i>	<i>Single</i>		<i>Married</i>		<i>Married One Child</i>		<i>Married Two Children</i>	
	Israel	U.S.	Israel	U.S.	Israel	U.S.	Israel	U.S.
1,000	53	60	25	—	—	—	—	—
2,000	293	240	245	120	220	—	195	—
3,000	725	422	601	300	579	180	557	60
5,000	2,110	818	1,978	660	1,948	540	1,919	420
8,000	4,206	1,540	4,074	1,240	4,045	1,108	4,015	976

Source: Compiled from U.S. and Israel tax data.

aroused bitter objections from self-employed persons who feel that they are being subject to arbitrary discrimination.

The conflict between the fiscal needs of the Government and considerations of economic policy affects indirect taxation as well. For example, an increase in customs duties, which are already high, brings in additional revenue to the Treasury but it also tends to cause higher prices. Similarly, when the Ministry of Finance increased duties on building supplies in 1955-56, the cost of construction rose, building declined, and unemployment in the construction industry increased.

In addition to direct and indirect taxes, the Government collects social security taxes from employers, employees, and self-employed persons. The Histadrut also finances its extensive medical and social welfare program largely through payroll deductions, which are collected by the union along with the Histadrut member's union dues. These deductions and contributions make further reductions in the disposable income available to consumers.

The principal way in which the Government finances economic development is by allocation of 40 to 50 per cent of its total funds to the development budget. During 1955-56, out of total development expenditures of IL. 349 million, 26 per cent was invested in agricultural projects, including the development of the Arava section of the Negev and the Jordan River channel; 15 per cent for investment in manufacturing, mining, and electricity enterprises; 13 per cent for housing and construction of public buildings; 9 per cent for improvement of transport and communications; 3 per cent for public works, including employment and security projects; 3 per cent for loans to local authorities and to public enterprises; 11 per cent for various enterprises, including investment in the capital of the Bank of Israel; 14 per cent for repayment of debt; and 6 per cent for a revolving fund.¹²

About two thirds to three fourths of all development revenues come from counterpart funds. The balance is derived from foreign and internal loans, income from property and loan repayments, and special receipts. During 1955-56, for example, counterpart funds totalling approximately IL. 257 million were available for development projects as follows: IL. 90.5 million from the Repara-

¹² Data compiled from *Bank of Israel Bulletin*, No. 3, July 1956, p. 54 and 56.

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tions Counterpart Fund; IL. 79 million from the U.S. Grant-in-aid Counterpart Fund; IL. 60.9 million from the Counterpart Fund of Israel Government Bonds; and IL. 13.3 million from the Counterpart Fund of U.S. Surplus Agricultural Products. Domestic loans and taxes, including compulsory loans, special property taxes, pledged loans from institutions, compensation and pension fund receipts, special loans, and advance income tax payments, provided an additional IL. 55.3 million (about one sixth of the total). Smaller sums were derived from income from Government property, foreign loans, and special funds transferred from the regular budget.¹³

Although satisfactory data has not yet been compiled to provide a basis for evaluating the relative roles of the Government, public institutions, and private sources in the financing of economic activity in Israel, it is apparent that the role of the Government, on the basis of its own internal revenue and foreign economic assistance, is critical and strategic. In recent years the Government has financed about half of all investments by drawing heavily on counterpart funds and by taxing its citizens very heavily. Other public institutions, principally the Jewish Agency in connection with the resettlement of immigrants, have supplied 10 to 15 per cent of investment funds, while all other sources, including private investors, the Histadrut, Hadassah, and other institutions, have financed from 35 to 40 per cent.¹⁴ The budgets of public bodies, and especially the Government's development budget, continue to play a decisive role in the financing of investment. The Government not only exerts great influence on the general volume of investment in the country, but by granting loans to private investors, it also influences the direction of investment to specific economic enterprises and sectors, in accordance with its general development policies. Moreover, the Government and the Jewish Agency are able, because of the large sums available to them, to create the necessary basis for the expansion of economic enterprise by developing water resources and electric power and by improving the communications network.

¹³ Data compiled from *Bank of Israel Bulletin*, No. 3, July 1956, p. 55. Slightly different figures are given in *Government Year-Book*, 5717 (1956), p. 205.

¹⁴ Data from Bank of Israel, *Annual Report 1955*, p. 63. See also *Government Year-Book*, 5717 (1956), p. 420, for comparable estimates.

Chapter 9 Planning for Economic Development

There is an old story of an unfortunate grasshopper who spent the summer singing and playing. When he suddenly found himself without provisions for the winter, he went to an ant for advice. The ant indicated that her own professional status as an expert had been overrated, but she would advise the grasshopper to become a cockroach. They sit indoors where it is nice and warm, and people are always dropping food around. The grasshopper was intrigued with the prospect. "Wonderful," he said to the ant, "but how do I change myself from a grasshopper to a cockroach?" "That," said the ant imperiously, "is an administrative decision. I merely advise on policy."

Israel has invited scores of experts to help it mark out roads to economic independence. Many sets of expert blueprints for the economic salvation of Israel have found their way to file drawers and obscurity because they give little or no attention to the setting of the Israeli economy, and they usually failed to indicate how the policies might be put into effect and what administrative machinery and personnel were required for proper implementation. It is not surprising, therefore, that the most successful technical assistance projects in Israel have been those in which the experts have worked with Israelis to teach them how to perform some limited specific task or to administer a particular program.

ECONOMIC PLANNING

Like other underdeveloped countries, Israel has attempted to synthesize economic development and economic stability. Poor in human and physical resources and surrounded by hostile neighbors, Israel has not been generally attractive to investors. Its economic stability has been undermined and endangered by high levels of spending for defense, by the influx of hundreds of thousands who are not readily absorbed into productive work, by a wage policy

founded on socio-political considerations that are probably inappropriate to a developing industrial democracy, and by an unfavorable balance of trade sustained by outside aid. Consequently, it has been able to support a standard of living based on egalitarian, welfare principles not justified by its earnings from productive enterprise.

Israel's economic difficulties are all too familiar to students of economic development in Latin America, South East Asia, and other underdeveloped areas of the world. Illiteracy, untrained manpower, lack of transportation facilities, values and attitudes unsuited to democratic politics, these and other factors form the standard catalogue of deficiencies of underdeveloped countries. In 1956, many Israelis were probably comforted to learn that the following critical summaries applied not to Israel but to Uruguay and Brazil.

This country [Uruguay] today offers the sad spectacle of a sick Welfare State. . . . No politician comes out with the home truth that this country's wide range of welfare services has to be paid for with funds that have to be earned. Demagoguery is used as a sedative. . . . The result is that . . . internal debt is soaring, wage demand accumulating, prices rising. . . . The pay of the Civil Service is poor. . . . The attempt to hold the standard of living at the highest point reached by trying to compete on the world market through an elastic system of subsidies failed, and in the process the body politic got demoralized. No politician here can hope to get a majority by advocating austerity, hard work, and the sacrifice of even some of the Welfare State features.

Ideas [concerning Brazil's development of the Amazon Valley] are easily conceived and endorsed without much concern about whether or not they can be put into effect. The absence of 'know-how' is staggering. To judge by results is considered almost indecent. The setting up of overstaffed institutions to carry out certain tasks is considered tantamount to a solution of those tasks.¹

¹ These quotations are taken from the *Manchester Guardian*, weekly edition of June 12, 1956. They were brought to my attention by a letter of Shlomo Ginossar in *The Jerusalem Post*, July 25, 1956. Mr. Ginossar regretted that "we

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While Israel's economic difficulties are not unique, the tasks it has assumed in the ingathering of the exiles and defense of its sovereignty coupled with the high level of expectations of its citizens with respect to standards of living and welfare services have imparted a life and death quality to its program of economic development. Nevertheless the urgency of economic advance has not been accompanied by comprehensive economic planning. Report after report both by foreign experts and Israelis, including cabinet ministers, have influenced approaches to economic problems but have not been carried systematically into administrative operation.²

The first organization for economic planning was the Planning and Coordination Department established in April 1949 in the Office of the Prime Minister. The new planning staff produced an unduly rigid development plan that was rejected partly because the Prime Minister's Office did not give the plan the prestige it required to win Government-wide support and partly because most of the country subscribed to the economic theory of miracles. According to this theory, Israel's salvation lay not in the use of traditional methods of battling economic crisis but in its secret weapon: a conviction that miracles are natural phenomena in the land of the Bible, and that struggle against apparently crushing odds can be won because there is "ain brera," no alternative.

Location of the planning office in the Prime Minister's Office seemed to divorce economic planning from practical administration. Given the absence of a sound statistical base and the heritage of the pre-state period when planning was essentially propagandistic, planners tended to toy with abstract methods, imaginative targets,

in Israel lack even the merits of originality of monopoly of ineffective 'vision' . . . claiming exemption from economic laws governing normal countries."

² These reports include the following: reports by Oscar Gass, economic adviser to the Government, 1951-52; the Four-Year Development Program, 1950-53, prepared by Dr. Ludwig Gaaton; Dr. S. Trone's proposals for using reparations funds for development purposes exclusively; manpower surveys of Professor Eli Ginzburg under the auspices of the American technical assistance program, 1953 and 1956; the Aranne Committee report, 1954; the report of the Stanford Research Institute, in cooperation with the Ministry of Commerce and Industry under the auspices of the United States Operations Mission; reports of the Economic Advisory Staff, 1953-55; and the annual and special reports of the Bank Leumi and the Bank of Israel.

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statistical fictions, and unrealistic financial and social desiderata. The location of the Economic Advisory Staff in the Prime Minister's Office from 1953 to 1955 carried the same liability, except that during this period, the Ministry of Finance became the major economic office of the Government largely through control of the State's budget. Its cooperation was required for the effective formulation and administration of any economic plan.

The causes of the Government's failure to formulate comprehensive plans for the economic development of the country are not difficult to identify. The dominant position of the Histadrut in the national economy discouraged efforts of private investors to develop the private sector of the economy. The union assumed control of all wage policy. Consequently, there appeared to be no need for governmental direction of industrial growth, location of plants, use of loans, subsidies, tax incentives, and promotion of competition. Given the close identity of Histadrut and Government leaders, the former could be depended on to strive for socialist goals advocated by the labor parties.

In the first years of statehood, moreover, Government officials had little time or appreciation for planning. It seemed more imperative to improvise detailed regulations for rationing scarce food supplies, controlling consumer prices, and restricting use of foreign currency for imports than to plan for the long-term development of agriculture and industry. While the skills and training available for improvising detailed regulation of economic transactions were no better than those at hand for the planning function, the administration of detailed consumer controls seemed to carry fewer risks of damage to the economy than the administration of comprehensive controls to guide the course of economic development. The overriding aim of national self-preservation was readily translated into an overall priority to military defense whatever the costs might be.

The socialist emphasis upon comprehensive economic planning has been conspicuously absent in the socialist-dominated governments of Israel. As controller of 20 to 25 per cent of the economy, the Histadrut provided a ready-made alternative to nationalization of basic industry. With an ironic twist, the socialists generally have steadfastly opposed nationalization, while the ardent advocates of

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private enterprise have demanded nationalization of labor exchanges, bus transportation, Kupat Cholim (the Histadrut Sick Fund), and the basic Histadrut industries in order to free the economy of Histadrut dominance and make capital investment more attractive to private investors. As an anti-Histadrut weapon, nationalization has become an important goal of the parties of private enterprise and independent groups that hope to reduce the divisive character of sectional loyalties. Instead of criticizing the rigidity of economic planning normally identified with socialist governments, private enterprisers have complained that economic factors have been ignored by socialists. What is needed, according to them, is not less government planning but more.

The hard struggle for economic viability has occurred generally without benefit of guidance by government. However, the Government has not been able to avoid management of the desperately scarce supplies of hard foreign currency. Nor has it shirked the critical task of attempting to exploit the meager physical resources of the State, especially mineral and other deposits of the Negev. To illustrate some of the political and administrative problems facing the Government in planning for economic development, the following sections record the Government's experience in two areas: the import license program and the establishment of public corporations.

*THE IMPORT LICENSE PROGRAM*³

The planning of an import program for a country that lacks sufficient foreign currency and a favorable balance of trade involves decisions of the highest national importance. It requires reliable data both on national economic trends and international developments. It must be accompanied by adequate administrative capacity to establish necessary procedures and bring about satisfactory coordination among ministries. In developing an import program,

³ This section is based on a study conducted by the author for the Office of the State Comptroller of Israel in 1953 supplemented by a review of the import program in 1955. The comments and action of the State Comptroller in this area are recorded in State Comptroller of Israel, *Annual Report No. 4* (Jerusalem: December 1953, English translation), pp. 59-71; and *Annual Report No. 5* (Jerusalem: December 1954, English translation), pp. 117-124.

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a government makes two comprehensive decisions. First, it decides what materials and commodities must be imported during the next fiscal period to maintain and develop the economy. Secondly, it estimates the anticipated revenues in foreign currency in order to determine the amount of foreign exchange available to finance imports.

Estimates of required imports are normally made by the ministries concerned, including those dealing with agriculture, industrial development, health, labor, education, and transportation. They estimate probable requirements for particular commodities, spare parts, and raw materials for a given future period. The needs of the economy for food, for example, are developed in the light of such factors as the size and composition of the population, population trends, requirements of rationing programs, minimum acceptable standards of nutrition, health needs, and dietary habits of various sections of the population. Commodity requirements are listed in detail and include items needed to keep the national industrial plant in operation. Then the ministries review the industrial and agricultural capacity of the country to estimate the extent to which various commodity requirements can be met by local production.

This type of analysis requires accurate information about the productive facilities of the country, the capacities of various plants to produce certain goods of stipulated quality, and current patterns of production and management; current knowledge of raw materials, semi-processed materials, spare parts, and technical aid needed to maintain their productive efficiency; and reliable estimates of probable exports and their revenues in foreign currency. If the requirements of the economy, the productive capacity of local plants, and production schedules are known, a basis is provided for determining the portion of total requirements that cannot be met by local industry and agriculture. The balance of unfulfilled needs represents the materials that should be imported, within the limitations of available resources in foreign currency. If foreign currency revenues are derived from a number of sources, some of which are beyond the control of the country, it may be necessary to estimate probable minimum and maximum revenues.

Once the ministries have prepared their estimates of require-

ments and commodities to be imported, a central agency should review all requirements and import lists in the light of basic policy decisions of the government. For example, the government may determine that certain commodities are more essential than others and should therefore be given a higher priority demand on scarce foreign currency revenues. Or the government may determine the basic outline of the industrial development of the country and give high priority to commodities needed to develop industries along predetermined lines. Defense requirements may be given top priority in the allocation of foreign currency to various segments of the import program.

After commodity requirements have been reviewed and revised centrally, the next step is the fixing of the estimate of probable revenues and the balancing of the import list with probable revenues in foreign currency. Since sufficient funds are unlikely to be available to finance all requested or desirable imports, priorities must be established based on the relative essentiality of commodities, the schedule of local production, and the timing of deliveries. The balancing of commodity requirements and available foreign currency involves policy decisions of the greatest significance for the economic development and stability of the country. The resulting import program must be coordinated with investment needs, customs administration, labor and wage policies, and special purchase programs of the government.

Once the import program has been determined, the available supply of foreign currency must be allocated to finance approved imports. To set the purchase programs in motion, either a central ministry or all interested ministries invite importers to submit applications to import the approved commodities. The government's task now is to review such applications for import licenses and to approve only those falling within the import program and within the allocation of foreign currency. Two types of questions are involved in processing applications for import licenses. Does the commodity for which application has been filed come within the scope of the approved import program? Is the proposed transaction commercially sound? Important commercial factors include the reliability of the supplier, the price on the world market, shipping conditions, and the terms of trade outlined in the application.

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Since two or more ministries may be concerned with the same commodities, some central review of license applications is essential to insure uniformity of import policies throughout the government and to enable the government to take advantage of favorable market conditions by concentrating purchases when price conditions are advantageous. Central administration prevents ministries from bidding against each other for scarce commodities, and importers are discouraged from shopping around various ministries for import licenses.

When licenses have been issued, two additional steps may have to be taken. The government may find it necessary to guarantee to the banks that have extended credit to importers that the necessary foreign currency to finance imports covered by licenses will be made available. In addition, a central office will probably have to maintain current records of the balance of unused allocations and available foreign currency. Furthermore, provision will have to be made for rapid reconsideration of allocations and other decisions in accordance with changes in the financial situation and the requirements of the economy. Continuing review will be required to analyze the premises upon which the import program has been based, including the industrial pattern, rates of expansion of local industry, the need to protect local industry against foreign imports, and the changing requirements of national security, health, and diet.

In the first years of statehood, no import program existed in Israel. Commodities were imported for defense and immigration absorption purposes first and then for other uses in an unplanned way. Beginning in 1952, an annual "foreign currency budget" was prepared which estimated probable revenues and anticipated expenditures of foreign currency. The "budget" indicated the commodity jurisdiction of each ministry authorized to issue import licenses. However, as the initial attempt to bring order into foreign currency expenditures, it did not list in detail the commodities to be imported and various licensing authorities. As administered by the Finance Ministry, the 1952-53 foreign currency budget did not indicate a minimum and maximum import program to be varied in accordance with available revenues, nor did it establish import priorities to be followed in case actual revenues fell below

estimates. In subsequent years, the foreign currency budget was improved considerably.

The concept of the foreign currency "budget" was strengthened by assigning major responsibilities to the Budget Department of the Finance Ministry after its establishment in the fall of 1952. Examiners who studied the organization and finances of government offices also were given responsibility for determining commodity requirements to be filled by imports and probable revenues in foreign currency. Since the Government had no control over major sources of hard currency revenue, such as American grants-in-aid, proceeds from the sale abroad of Israel Government bonds, and contributions from the United Jewish Appeal, these estimates were subject to a wide margin of error. The Finance Ministry formulated the so-called foreign currency budget without benefit of a comprehensive policy governing the establishment of priorities in the schedule of imports and the rationing of foreign currency revenues. The determinations of the Budget Department were submitted first to the Minister of Finance for approval and then to the Committee of Economic Ministers and the full cabinet. The "budget" was then returned to the Finance Ministry for execution.

The budgetary analogy has been troublesome and has helped to give the Ministry of Finance control over a function for which it is not suitably organized. The normal budget process requires knowledge of organizational and managerial problems as well as the ability to analyze the goals and programs of each ministry. The budget examiner must be able to estimate the number of employees needed to administer the programs of the Government effectively and economically. He also may play a part in estimating the revenues of the country from various sources. In his recommendations, the budget examiner is guided by the laws establishing various ministries and programs and by the policies of the various ministries and the cabinet. In the import program, however, the budget examiner is dealing not with the organizational and administrative needs of specific ministries but rather with the needs of the economy and the society as a whole.

Uncertainties both in the expectation of revenues and the purposes for which imports might be needed introduced a high degree of looseness in the control of foreign currency. Revisions in the

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cabinet-approved program were made by frequent negotiation between officials of the Ministry of Finance and other ministries. Decisions represented compromises rather than calculations of the relative essentiality of various commodities in the face of inadequate foreign currency revenues. Once again, the characteristic method of administration was to allow middle level civil servants to make detailed adjustments in the programs. Such action was encumbered in excessive red tape and unguided by basic policy determination. Detailed regulation became a substitute for more responsible and comprehensive determination of guiding policy.

In 1953, eighteen divisions in eight ministries were authorized to issue import licenses. Procedures for handling applications varied a great deal; the time taken to complete consideration of applications varied only in the extent of delay; and decisions were allegedly subject to outside influence. Large manufacturing concerns were forced to maintain full-time representatives in Jerusalem and Tel Aviv to arrange for the granting of import licenses. Criteria governing the acceptance or rejection of applications were usually not formalized in written instructions, and oral instructions were subject to considerable flexibility of interpretation. While local manufacturers were supposed to be protected against imports of goods that were also made locally, no list of Israel-made articles was available. There was an unfortunate lack of policy governing such matters as the granting of import licenses for certain gifts sent from abroad, capital transfers, the importing activity of public institutions, the handling of imports arriving without license, and the import of goods that were also manufactured locally. Given the overlapping jurisdictions of licensing authorities and the absence of uniform import policies, the achievement of equity and even-handedness in the processing of import licenses was hazardous and problematical. Each ministry tended to regard its import policy as its own business. Occasionally they even competed against each other on the world market for scarce supplies only to drive prices up.

The import program that prevailed until 1956 fell far short of satisfactory standards. There was little conscious conception of the related stages in the development of the import program. Planning was neglected and top-level consideration of major issues of policy

was not based on factual analysis. Central review and uniform application of overriding policies were lacking.

National planning of imports and related programs was haphazard and badly conceived. No satisfactory system for estimating commodity requirements or adequate facility for reviewing such estimates was developed. Too little consideration was given to the industrial pattern of the country, the desired level of mechanization in many industrial undertakings, broad policies of foreign trade, and other critical matters. Except in the crudest manner, priorities were not established and the relative claims of certain needs upon scarce foreign currency revenues were not reviewed.

No mechanism was made available for the central determination of foreign trade policies. Inadequate attention was given, for example, to the extent to which local firms should be protected against competition of imported commodities. Buying programs of the various ministries were not coordinated.

Ministries became absorbed in the processing of applications for licenses and lost sight of the larger aspects of the import program. The licensing phase of the program assumed far too great an importance and became subject to tensions that endangered its integrity. The lack of a policy uniformly applied throughout the Government led to reliance upon inter-ministerial bargaining for additional allocations of foreign currency. Officials in various commodity divisions spent far too much time interviewing applicants for licenses, while businessmen spent an inordinate amount of time expediting the processing of their applications.

Almost no attention was given to the need to provide accurate instructions about the licensing procedure. The absence of adequate public information about import licenses created an impression of disorder and confusion which lowered the prestige and morale of government offices. Throughout the import program, strategic decisions were frequently made by middle-grade officials without adequate review and guidance by senior officials. Decisions which required careful review and analysis at high governmental levels were often made under pressure by inexperienced subordinates. In the processing of licenses, little distinction was made between commodity and commercial aspects of foreign trade. While commodity divisions in the ministries frequently had competent

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officials dealing with industrial aspects of imports, they lacked experienced staffs familiar with world markets, techniques of international trade, terminologies of foreign commerce, shipping of goods, marine insurance, and banking and credit problems. The entire program up to 1955 maximized control over individual cases. More effective planning would have reduced the intensity of control of individual cases. Finally, it seemed clear that until the Government was prepared to deal with the import program on an integrated basis, vested interests of ministries and the parties that controlled them would continue to block efforts to rationalize the system.

In December 1953 the State Comptroller recommended in his annual report that an inter-ministerial committee be appointed immediately to study ways of simplifying and strengthening the import program. He also recommended that, pending the report of the committee, all ministries issuing licenses should publish lists of licenses granted, a special unit should check all licenses to insure some elemental uniformity, and a policy should be formulated to cover the import of goods without license or in violation of the specifications of the import license.⁴

The Finance Committee of the Knesset supported the recommendations of the State Comptroller,⁵ but the only action taken during 1954 was the publication of lists of licenses granted by four ministries: Health, Commerce and Industry, Agriculture, and Transportation. The Ministry of Labor began publication in April 1955. In 1955, however, the Minister of Finance appointed a committee representing the Ministries of Finance and Commerce and Industry to review the procedure and organization for the control of imports and exports. The appointment of a Mapai minister to head the Ministry of Commerce and Industry after the 1955 election heralded a period of cooperation between the two key ministries. The new minister immediately announced his intention to deal with the tangle in licensing procedure. On December 29, 1955, the Ministry of Finance announced new regulations ordering minis-

⁴ State Comptroller of Israel, *Annual Report No. 4* (Jerusalem: December 1953, English translation), pp. 68-71.

⁵ The Knesset action is reported in the State Comptroller of Israel, *Annual Report No. 5* (Jerusalem: December 1954, English translation), pp. 120-121.

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tries to deny licenses to those guilty of misusing licenses in the past.

In March 1956 the Import-Export Committee, appointed a year or so earlier, recommended that the Government immediately "institute such arrangements as will permit industrialists to spend their time in their plants and not in Government offices."⁶ The committee proposed a single authority to issue all import and export licenses and called for recognition of the indispensability of concentrated planning of import-export programs on the ground that the whole economy is largely dependent on their smooth operation. It proposed a special unit to plan the foreign currency budget and a permanent interministerial committee on import planning. Its report also included recommendations to simplify and shorten licensing procedure. As a first step toward implementing the report, the Ministry of Commerce and Industry immediately established a Division of Foreign Trade to coordinate all phases of its import and export activity and liberalized licensing procedures covering several groups of commodities. A promising beginning of a critical improvement in economic planning had been made.

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Government plays a strategic role in the economic development of Israel. Together with the Histadrut, it directly influences the climate of economic enterprise and the quantity and quality of economic output. Through the use of loans, subsidies, differential taxation, encouragement of investment, and import and export licensing, it effectively controls the setting in which private enterprise functions. In addition, it participates directly in economic development through the establishment of companies which it helps to manage. These companies are analogous to public corporations that exist in many countries to administer essential economic and social services and to develop natural resources.

The term "public corporation" or "corporation" is not found in the laws of Israel or the Mandate. In accordance with British Mandatory practice, companies are incorporated under the Companies Ordinance of 1929 either as public companies that issue shares or as private companies that do not. Provided it meets the

⁶ Quoted in *The Jewish Agency's Digest*, March 23, 1956, p. 826.

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requirements set forth in the Ordinance, the Government may establish public or private companies which are independent of the governmental machinery and exist as separate legal entities with properties, rights, and liabilities of their own. The Knesset may also establish a public enterprise by special statute, but this method has rarely been used.⁷ However established, a company created by the Government or Knesset in whose management the Government participates may be defined as a public corporation.

Various factors account for the creation of public corporations. The most significant one has been the desire of the Government to explore some unknown territory or industrial activity under conditions that give little promise of profitability at the outset. The public corporation has also been justified by the need to invest money in enterprises of great importance for which private capital was not forthcoming. Corporations that trace their origin to such circumstances have generally not performed very well. They frequently operate under very difficult conditions in desert areas. It has been relatively easy to blame such conditions rather than poor management or other factors for defective performance. Moreover, these corporations are usually monopolies. Consequently, no yardstick is readily available for judging their production record.

Another important related factor leading to the establishment of public corporations has been the desire to make public investments not by calculating their probable profitability but according to an optimistic view of "development" which often disregarded conventional economic concepts. They also owe their origin to the Government's desire to participate in the operation of an activity deemed important or essential to the State. In other cases, the corporation model appeared to insure a flexibility in operation not obtainable within the framework of a ministry. It has also been used to enable the Government to cooperate with private and other investors in establishing "mixed enterprises." Occasionally, corporations have been established because their activity did not seem to fit appropriately into any single ministry. Finally, the corporate form was favored because it made possible the appoint-

⁷ For a more complete statement of the confused legal status of the public corporation in Israel, see Uri Yadin, "The Public Corporation in Israel," in W. Friedmann, ed., *The Public Corporation* (Toronto: The Carswell Company, Ltd., 1954), pp. 205-240.

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ment of managers outside of the civil service and at considerably higher salaries than those prevailing in the Government.⁸

The public corporations have not been free from partisan political influences. Until November 1955, both the Ministry of Finance and the Ministry of Development were headed by Mapai ministers. The former maintained some loose financial control over public corporations while the latter was authorized to exercise some administrative control over their policies and operations. As long as Mapai dominated both ministries, the Minister of Development was content to make optimistic predictions of economic development unsupported by factual analysis, and his undefined authority over the activities of corporations remained dormant. He tended to regard all criticism of development work as a scurrilous attack on Mapai. Under the coalition agreement of November 1955, the Development Ministry was assigned to a Mapam minister, who attempted to recover the initiative that had been lost to the Finance Ministry and develop a more independent policy.

Party politics have also influenced interpretations of the meaning of "development." Many party leaders seemed to view government enterprise not as factories and activities making significant contributions to national income but rather as social welfare institutions or even as branches of political parties. The selection of top executives to manage public corporations was often motivated by the desire to reward military heroes with positions of prestige and to find comfortable ways to remove senior civil service officials from ministries. It was also reported in 1956 that in order to relieve unemployment, jobless workers from Beersheba were sent to the Potash Works even though they lacked the required skills and endangered the factory by their clumsiness.⁹

The legal status of public corporations is very unclear. Those established by the Government usually are sanctioned indirectly by the Knesset as it allocates portions of the annual Development Budget to corporations in the form of loans, share capital, or grants. The Development Authority, which was established by special statute in 1950, later set up the Israel Mines, which in turn created

⁸ See the State Comptroller of Israel, *Annual Report No. 4* (Jerusalem: December 1953, English translation), pp. 73-76.

⁹ See H. Ben Adi, "Sdom Climate Lowers Productivity," *The Jerusalem Post*, June 20, 1956.

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two subsidiary companies to mine phosphates and transport ores to the refineries. In this fashion, the statutory creation of a public corporation led to the creation of three additional corporations. In the case of mixed corporations financed only partly by the Government, there are no contracts defining the mutual relations of the Government, other investors, and the corporation.

In 1955, 99 corporations under State control occupied a prominent place in the State's economy. They included 41 companies, 16 funds, and 42 miscellaneous institutions.

TABLE 25

Types of Public Corporations, 1955

Companies:	
Development and exploitation of natural resources	5
Industry and workmanship	7
Agriculture and agricultural marketing	2
Communication and transport	3
Housing and construction	5
Commerce	8
Financial institutions	4
Miscellaneous economic functions	7
Total Companies	41
Funds (including various financial trusts)	16
Miscellaneous institutions (citriculture, social welfare institutions, etc.)	42
	99

Source: Annual reports of the State Comptroller.

About 40 per cent of the funds invested in the 41 companies has been devoted to housing, 25 per cent to develop natural resources, and 10 per cent each to industry and agriculture.

The financing of public corporations has varied a great deal. The Government has invested funds in four ways: by buying shares, making long-term loans, giving grants that do not have to be repaid, and making allocations whose future status as loan, grant, or share capital is undetermined. Detailed examination of 36 leading public corporations in 1955 indicates that the State provided 63 per cent of their share capital, 94 per cent of all other funds, and a total of 86 per cent of all long-term financing.¹⁰ Government repre-

¹⁰ State Comptroller of Israel, *Annual Report No. 6* (Jerusalem: December 1955, English translation), p. 148.

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TABLE 26

Data on Selected Public Corporations, March 31, 1955

	Israel Mines		Negev Phosphates Corp., Ltd.		Dead Sea Industries, Ltd.		Fertilizers & Chemicals, Ltd.		El Al Israel Air- lines, Ltd.		
YEAR ORGANIZED	1950		1952		1952		1946		1942		
BOARD OF DIRECTORS											
No. of Members	9		9		13		26		13		
No. of Government Representatives	9		8		10		8		7		
NUMBER OF EMPLOYEES											
1954-55	245		161		532		979		1,022		
SCOPE OF BUSINESS 1954-55 (thousands of IL.)											
Investments	1,279		—		—		—		—		
Return from sales	—		735		287		7,047		13,743		
CAPITAL SUBSCRIBED (thousands of IL.)											
	%		%		%		%		%		
State	999	99.9	900	90	2,130	58	1,960	44	1,310	60	
Govt. Corporations	—		100	10	—		100	2	—		
National Institutions	—		—		—		—		325	15	
Other Public Institutions	—		—		—		463	10	—		
Histadrut	—		—		310	9	383	9	50	2	
Private Israeli Investors	—		—		—		182	4	—		
Foreign Investors	—		—		1,220	33	1,407	31	—		
Miscellaneous	1	0.1	—		—		—		500	23	
TOTAL	1,000	100.0	1,000	100	3,660	100	4,495	100	2,185	100	
FINANCING (thousands of IL. or \$)											
Paid up Capital	IL.	225	1,000		3,660		4,363		1,983		
From the State	IL.	225 100	900 90		2,130 58		1,960 45		1,310 66		
Balance of Long- term Loans	IL.	3,075	2,979		6,284		5,556		1,522		
	\$	494	—		2,722		6,886		1,947		
From the State	IL.	3,075 100	2,979 100		6,284 100		4,236 76		365 24		
	\$	494 100	—		1,630 60		5,886 85		1,867 96		
State Grants	—		—		—		—		—		
State Allocations, purposes undefined	IL.	2,580	—		—		—		—		
	\$	1,542	—		—		—		—		
Total Financing	IL.	5,880	3,979		9,994		9,929		3,505		
	\$	2,036	—		2,722		6,886		1,947		
From State	IL.	5,880 100	3,879 97		8,414 85		6,196 62		1,675 48		
	\$	2,036 100	—		1,630 60		5,886 85		1,867 96		

Source: State Comptroller of Israel, *Annual Report No. 6* (English translation) pp. 139-142.

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sensation on boards of directors is normally fixed in proportion to the Government's share holdings. When governmental financing takes the form of loans or grants rather than shares, the Government may not participate at all in management. Since governmental loans and grants generally exceed share capital, the Government's representatives on boards of directors are often in a minority even though as much as 90 per cent of a corporation's capital and long-term loans have been provided by it.

Participation of Government directors in management has never been satisfactory. No regulations govern their appointment or conduct, and their functions have not been defined. Ministers have not always appointed the full number of authorized Government directors. In some corporations board meetings have not been called regularly. Since directors have usually been senior civil servants already overburdened with other work, they have not been able to represent the interest of the Government effectively. Ministries have not received regular reports from corporations nor have they always been informed about important developments. They have rarely kept exact records of corporate activities. Of thirteen corporations examined by the State Comptroller in 1954, boards of directors considered and approved annual budgets in only four.

The corporations have had almost complete freedom with respect to personnel, major policies, and daily operations. In the absence of any centralized source of information about their activities, they have enjoyed the freedom of obscurity. Information about their organization and activities has been extremely difficult to obtain. The State Comptroller required four years to assemble the first comprehensive report on their financial status in 1955.¹¹ Their budgets appear in the annual State Budget only in connection with expenditures incurred during the year in which the Government appropriates initial or supplementary capital or advances loans or grants. Civil service rules do not apply to their personnel.

There is no clear understanding concerning the purpose and technique of ministerial control of public corporations. Following criticism of loose governmental supervision, the Minister of Finance in May 1953 appointed an inspector general to oversee their

¹¹ *Ibid.*, pp. 121-233.

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financial activities. The Ministry has succeeded in improving its current information about corporate finance. It now receives minutes of meetings of boards of directors, but it has not assumed control over substantive policy. The inadequacy of ministerial control induced the Ministry of Finance to establish a special division headed by a Commissioner of Government Corporations in August 1956 to supervise and coordinate the affairs of public corporations.

Parliamentary control is no more effective than control by the ministries. Knesset members may submit questions to be answered by ministers, and they may introduce motions for debates covering corporate activities. But these indirect controls have not worked well. The Knesset has not used the annual reports of the State Comptroller concerning the operations of the corporations to improve its information or control.

Freedom from civil service regulations has been used by the corporations to offer higher salaries and better working conditions than those available in Government service. In addition, they have supplemented higher salaries with substantial payments, including the so-called thirteenth-month salary, special bonuses, representation and special travelling allowances, and free housing or loans to acquire housing. The wide gap between civil service and corporation salaries has always been troublesome. A committee headed by the Acting Civil Service Commissioner examined working conditions in the corporations and recommended in December 1952 that Government and corporation salaries be equalized. Information gathered during 1953 by the Civil Service Commissioner and the inspector general in the Ministry of Finance indicated general chaos in the salary structure of corporations. In October 1954, another committee was appointed, this time by the Minister of Finance, to study salaries and working conditions aiming toward equalization with the civil service. In 1955 the Guri Committee also recommended equalization. An inter-ministerial committee appointed in November 1955 worked out the details in 1956, and a first step was taken in the direction of equalization by eliminating the thirteenth-month salary in the corporations.

While reliable estimates of the ratio of government enterprise to total economic activity are not available, the proportion is very

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large. Effective management of the companies is therefore critical. Their efficient performance is a function mainly of administrative and commercial management, technical know-how, and a satisfactory working force. The second of these has been provided by Israelis supplemented by generous technical assistance from the United Nations and the United States. To a considerable degree, the third can be trained. Top executives, however, are in very short supply, especially in industry. Executive positions in the public corporations were often given to ex-army men in the hope that their flair for organization might prove effective. But they rarely possessed sufficient understanding of the economic processes related to their work, nor were they concerned with earning a profit. Ineffectual management both in the corporations and the ministries has led to gross waste of resources and investments. As one Israeli observer has commented:

. . . we have accepted production jams and false starts in public enterprises as a matter of course, and have not yet made sincere attempts to prevent further mistakes. It is the tax-payer's money which is poured down the drain if production in a public enterprise starts too late or swallows up too many investments. What is more, money thus wasted is taken from development funds from abroad. We must find a way to restore respect for profitability in public enterprises, and the sooner the better.¹²

Public enterprise stands as a primary example of the unfortunate consequences of attempting rapid economic development and exploitation of natural resources without elementary understanding of the requisites of effective performance. The linking of resource development with national survival seemed to justify not only Zionist improvisation but also contempt for orderly processes of management.

¹² Post Economic Correspondent, "Managing Public Corporations," *The Jerusalem Post*, June 13, 1956. After disclosures of continued failure of the Potash Works to expand production economically, the Minister of Development appointed a public commission of inquiry to investigate the situation. The commission's report, published in 1957, confirmed the current rumors of appalling mismanagement. The major defects found by the commission were waste of capital; rejection of expert advice that could have saved time and money; and direct intervention, leading to confusion and inefficiency, by a former Minister of Development in the management of the corporation.

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In two critical areas of economic policy, the planning and administration of the import program and the use of public corporations to promote economic development, the record is mixed. Both areas have suffered from administrative inadequacies, partisan political influence, and a lack of understanding of basic economic processes. The import program has been subjected to official inquiry, and needed reforms have been installed. But in the case of the public corporations, much more official and private inquiry may be essential before the Government is sufficiently aware of weaknesses in the economic development program and their causes and cure.

Chapter 10 Budget Making: A Test of the Capacity to Govern

BUDGETING IN MODERN GOVERNMENT

The problems of democratic governance facing rapidly developing nations can scarcely be exaggerated. As a leading administrator in the central government of India has stated:

When it becomes the central purpose and justification of government, while adhering to democratic values and methods, to find a rich social and economic content for freedom, to bring about equality of opportunity for all and to secure the maximum development of the human and material resources of a vast country, the administration faces new and immensely vital tasks. How to reorganize the administrative structure and machinery and refashion its methods and procedures, therefore, necessarily becomes a subject of considerable concern and study.¹

Although Israel is as tiny as India is vast, the burdens it has heaped upon its government have been very great. Its civil service is large, and the demands made upon the State's budget have been enormous. Israeli preoccupation with the future and the progressive outlook of its leaders lead to more and more demands for governmental action, higher levels of public expenditure, and larger staffs of civil servants.

The Government manages and finances such diverse activities and services as basic transport, mining enterprises, electricity, elementary education, and agricultural settlement. Ministries, some of which are headed by leaders of rival political parties, are full of plans for expansion and vie with each other to promote the development of the country. A spirit of high endeavor pervades the nation's concern for land reclamation, afforestation, scientific agriculture, the conquest of disease, the relief of suffering, and the rescue of orphaned and disadvantaged children from want and deprivation. The drama of survival as a democratic community

¹ Y. N. Sukthankar, Cabinet Secretary, "Introduction" to Paul H. Appleby, *Public Administration in India, Report of a Survey* (New Delhi: Manager of Publications, The President's Press, 1953).

against great odds invests the enterprise of government with strategic significance. In such a setting the Government's administrative capacity influences the nation's destiny decisively.

Analysis of the quality and capacity of public administration is almost always hazardous. However, some processes and activities of government play a central role in governmental administration and offer reliable clues in appraising its character. One of the key processes is the making of the government's budget. It reveals quite accurately the major characteristics of government in action, the context in which it functions, and the principal problems and issues of its operation. Consequently a review of the budget process in Israel provides a faithful portrait of governmental administration in general.

In developed western countries a government's budget is a presentation in financial terms of its basic policies and programs. Ideally, it indicates what a government proposes to do in a stated period in the future, what funds are required to administer its activities, and how the various programs will be financed. Budgeting does not refer to a tabulation of revenues and expenditures or to a system of bookkeeping. Rather it is a process that translates public policies and programs into money amounts and relates governmental expenditures to income.

As a financial statement of the programs of the government and the policies upon which they are founded, a budget is an essential managerial device for supervising, planning, and controlling governmental policies and programs at all levels, from a section or division of a ministry to an entire government. In determining its budget for the coming year, each ministry has the opportunity to analyze its past achievements, its current performance, and its future program. By maintaining appropriate checks on actual spending of funds in accordance with its budget or appropriation, each ministry and the government as a whole are able to revise programs and policies in the light of experience and new conditions. In a democracy budget making gives the legislature the final voice in determining expenditure and revenue policies and the appropriations to finance specific programs. Control of the purse strings is likely to give a legislature its best opportunity to exercise control

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of the policies that guide administrative action and the programs devised to carry them into effect.

According to modern concepts, an effective budget process contains a number of important stages. Long before the fiscal year begins, the chief executive or cabinet establishes broad policies to guide ministers and heads of offices in preparing their estimates of proposed expenditures and anticipated revenues for the next fiscal year. This first step must be taken early in order to give adequate time for effective action at each stage, including preparation and review in the ministry, review by the central budget office, cabinet consideration, and legislative discussions in committee and parliamentary debate. A central budget office provides instructions and technical guidance to ministries to enable them to prepare their estimates properly.

Each ministry or office systematically develops its estimates. Heads of various programs originate estimates on the basis of an intensive analysis of their activities. Senior officials in the central office of the ministry review the estimates in the light of the broad objectives of the ministry. The minister then reviews and approves them for transmittal to the central budget office. The ministry's staff must then be prepared to defend the estimates and negotiate for their approval. A ministry's estimate should be accompanied by a concise, detailed narrative statement outlining its present organization, policies, and programs and the changes proposed for the coming year. Reasons for proposed changes should be fully treated. This "budget justification" should indicate the basis for all computations of expenditure and revenue.

Ideally the estimates of proposed expenditures should indicate the cost of operating each major program. The primary classification of expenditures in the budget should not be such standard objects of expenditure as salaries, supplies, or rent, but rather the principal programs administered by each ministry or office. Subsidiary classifications should differentiate between personnel and other costs, but the emphasis should be placed on the tasks to be performed and the results likely to be achieved by spending proposed sums of money.

Review of ministerial estimates by the central budget office should be timely, critical, and fair. It must be based on full information

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about the effectiveness of a ministry's programs and the adequacy of its organization and management. Furthermore, legislative action on the budget should be more than a perfunctory review of the government's proposals. While a parliament ought to concentrate its review upon major issues of policy rather than routine details of administrative operation, its decisions should emerge from close examination of the estimates and expenditures. In particular, a parliamentary committee should inquire into the purposes of current and future expenditures and the extent to which a ministry's objectives are being achieved as a basis for recommending final action on appropriations for the coming year.

The development of budgeting in Israel will be described and evaluated in the light of these criteria.

THE FIRST PHASE OF BUDGETING: 1948-1952

Traditions inherited from Zionist and Mandatory administration have deeply influenced the evolution of budgeting as well as other areas of public administration. Following colonial practice, the Mandatory aimed to establish rigid control over governmental expenditures by allocating fixed amounts of money in great detail to each department manned by a specific number of employees, and ranked according to a fixed personnel table. Little or no discretion was exercised by department heads in the execution of the budget. Funds were transferred from one budget item to another only in unusual situations. Central control was vested primarily in accountants who kept a careful check on the rate of expenditure in relation to the budget. Bookkeeping rather than administrative analysis was the principal technique of central supervision. The inflexibility of Mandatory administration challenged many of its Jewish employees to search for ways to avoid rules and evade prohibitions when it was in the interest of the homeland to do so.

The customs of the Jewish Agency and the National Council were different from those of the Mandatory. Jewish self-government was characterized by a minimum of procedural rules and instructions and a maximum of improvisation and ingenuity. Estimates of work to be accomplished during a future period represented ultimate needs and hopes rather than realistic appraisals of

what could be reasonably accomplished within known financial limits. The indeterminacy of revenues from donations coupled with long-range Zionist aspirations ruled out the possibility of developing systematic budgeting. In the struggle for the homeland, modern budgeting seemed ridiculously inappropriate. Emphasis was placed on lofty goals, not administrative plans and organizational details.

In 1948 the Provisional Government adopted the framework of the inflexible Mandatory budget, and infused it with the improvising skill and optimistic goals characteristic of Jewish self-government. When the State was established, budgeting and accounting functions were centralized in the office of the accountant general in the Finance Ministry, where budgeting took the form of rationing very limited revenues. Outwardly rigid but inwardly almost formless, the first State budgets reflected the administrative confusion of a new government in the midst of war and financial crisis. Throughout 1948 and 1949 the Government survived on loans and ingenious financial measures which ruled out a stable budget. The urgencies of war and economic mobilization supplied the only clues for determining priorities of expenditure. Allotments to ministries were initially made monthly, then quarterly, and later semi-annually as extreme uncertainty gave way to some order; but all funds were made available for disbursement long after schedule. Government employees often waited weeks or months for their salaries.

The hand-to-mouth existence of the State seemed to leave no basis for planning administrative developments. Between 1948 and 1952, ministries prepared statements of their financial needs justified only by general exclamations of their indispensability. Because funds were insufficient to meet all demands, ministries exaggerated their requests, hoping that more would be left after trimming by the Ministry of Finance. The estimates of the ministries, such as they were, were usually submitted late to the Ministry of Finance, which in turn delayed in submitting its recommended budget to the cabinet. Although the fiscal year began on April 1, annual budget estimates were not tabled in the Knesset early enough to become law before the beginning of the fiscal year.

During the first phase of budget history, there was little improvement in most ministries, and all accounts were maintained cen-

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trally by the Ministry of Finance, although ministries developed elementary bookkeeping records to enable them to know how much money they were spending. Given the weakness of the Prime Minister's Office and the preoccupation of the Prime Minister with problems of security and coalition management, questions relating to budgeting fell to the Ministry of Finance as a counterpart to its task of raising funds through internal taxation, loans, grants from other governments, and donations.

The first written instructions on the preparation of budget estimates were issued by the Ministry of Finance in December 1950. In general language they exhorted ministries to moderate their requests for appropriations. The estimates submitted were poorly prepared, lacked uniform construction, and contained no justification for proposed expenditures. The Ministry of Finance was not unaware of the need for improved budgeting, but other matters were given priority, such as financial management, taxation, and the handling of financial problems growing out of the disposition of abandoned Arab property.

At the outset, the State's budget was divided into three separate parts. An ordinary budget provided funds for the "normal" activities of ministries; a secret defense budget contained the appropriations for the army and related activities; and a development budget contained authorization for expenditures for development purposes financed almost entirely from external sources of revenue. The three-fold classification was similar to the division of the French national budget into "ordinary" and "extraordinary" budgets. At first it was thought that a clearer picture of the finances of the nation would be presented by separate budgets for these activities and for economic development. The secret defense budget was justified by the exigencies of the military situation. The ordinary budget was to be financed from internal sources, while the development budget was to be financed by external revenue including American grants-in-aid and loans, income from the sale abroad of Israel bonds, and German reparations payments. Government officials were fond of reporting that the budget of the State was balanced, or nearly so, when only the ordinary budget was being financed entirely or almost fully by revenues from internal taxes and customs duties.

BUDGETING: 1953

The tendency to treat the ordinary and development budgets as distinct was induced partly by the Government's desire to present a more impressive statement of its need for outside economic assistance. The development budget seemed to carry the promise of using economic aid for long-range developmental purposes that would ultimately make Israel economically independent. Because of heavy demands for expenditures to shore up the national economy and supply essential food and housing, the Government used some funds set aside for development work to meet consumption needs. As development funds were used to supplement the ordinary budget, the distinction between ordinary and development expenditures was blurred.

These two budgets have been retained, but the separate defense budget has been incorporated into the ordinary budget. The need to prevent disclosure of the total amount of money expended for security programs has been met by publishing only a portion of the planned expenses of the Ministry of Defense while burying other amounts for defense in large lump-sum figures for "special budgets" and reserves.

BUDGETING: 1953²

In order to evaluate the changes that occurred in the budget process and financial management, it is useful to review its operation at the end of the 1952-53 fiscal year. At that time the approach of the ministries to their budgets was rather primitive. Most directors general and heads of divisions had little concern with budgeting as a tool of effective management. Instead of regarding budgeting as a process for establishing basic operating policies for the next fiscal year and controlling current expenditures, ministries usually conceived it as a problem of bookkeeping unworthy of the attention of senior officials. Both the Knesset and the Ministry of Finance tended to regard it not as a continuing process but as a matter for discussion shortly before the beginning of the new fiscal year. The budget was not a vital document reflecting policy

² This section is based on a study made by this author for the State Comptroller's Office in February-March 1953. State Comptroller of Israel, *Annual Report No. 4* (Jerusalem, December 1953, English translation), p. 99ff.

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and operating plans but a static presentation in obscure accounting terms of various types of expenditures unrelated to programs or activities. The ministries approached the budget as a schedule of itemized expenditures to be manipulated and revised extensively during the year in order to finance essential activities. Although in theory budget itemization restricted ministries severely, in practice it encouraged continuous revision to accord more or less with actual expenditures.

Budget making during 1952-53 was dominated by a critical financial situation that required all ministries to reduce spending and, if possible, to increase revenues. Substantial reductions in budgets were made arbitrarily during the year without analyzing their probable impact on the organization and efficiency of the ministries. It was impossible for the Government to indicate how these reductions would affect services. In many instances, personnel cuts eliminated the younger and more efficient employees. Arbitrary budget cuts discouraged the officials who had been most careful in making budget estimates. Unstable prices increased the difficulty of estimating costs for salaries and materials and convinced many officials that orderly analysis of needs and justification of expenditures were useless. Estimating in October for expenditures for the year beginning the following April, according to many senior officials, could be done just as satisfactorily by guessing as by analysis.

The cabinet had difficulty setting forth basic budgetary policy for guidance of the ministries. The uncertainty of economic trends and the impossibility of estimating accurately such factors as American foreign aid, foreign currency transactions, and changes in the productivity of Israeli factory workers (which would reduce the need for imports) made economic forecasting hazardous and unrealistic. Inability to establish guiding principles was coupled with the failure of the Ministry of Finance to prepare adequate technical instructions. There were no instructions concerning the preparation of the budget, and each ministry was more or less free to determine its own approach and method.

The time schedule of budget making did not provide the ministries, cabinet, Knesset, or Finance Committee of the Knesset sufficient time to consider the budget. Ministries prepared budgets in great haste and neither they nor the Finance Ministry had the

opportunity or desire to base estimates on surveys of administrative operations. Lack of time strengthened the view that the budget was not a meaningful document and that its formulation was a task for accountants and other technicians who were not concerned with policy. Heads of divisions had little time to prepare written justifications of their proposals and the directors general of the ministries had no facility for analyzing them.

The emphasis in budget preparation lay in compiling figures which did not give an intelligible picture of government activity. This practice was consistent with detailed itemization of expenditures according to type (salaries, rent, phones, travel, etc.), which provided the illusion but not the reality of budgetary control. In most instances, the accountants, together with the director general or his deputy merely compared proposed estimates with current rates of spending on the untested assumption that the current rate provided a satisfactory base for estimating costs for the next year. Under the system adapted from the Mandate, the budget document did not reveal the costs of programs and activities. Instead of showing costs of the major activities of the Government, administrative officials stated their financial requirements in terms of salaries, administrative expenses, operating expenses, non-recurrent expenses, and reserves. This classification obscured the purposes for which funds were requested and made budget making an exercise in book-keeping. Salary items did not include all expenses relating to personnel. Administrative expenses showed separately such items as rent, postage, custodial care, etc., in great detail, many of which were less than IL. 500 for the year. On the other hand, the category of operating expenses included many large amounts that gave little clue to their use or purpose.

To illustrate, the budget of the Ministry of Health did not reveal the costs of operating each of the major hospitals. Some personnel employed in hospitals were included in salary items, while funds to pay other employees were included in operating expenses. Costs of custodial care and other housekeeping services for all hospitals were lumped together, making it impossible to know how they were divided among the major hospitals. Lack of data on the number of beds and patients made it impossible to judge the reasonableness

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of the estimates in terms of the services actually provided or the patients receiving care.

The ordinary budget was a lengthy, complex document which usually itemized minutely the relatively less important expenditures and stated in undifferentiated lump sums money to be spent for relatively more important purposes. The strange combination of excessive itemization and inadequate detail gave administrative officials considerable leeway in major categories of spending but restrained them needlessly in minor ones. It also forced more energetic and aggressive officials to juggle accounts and violate the budget law to find the funds required for their most essential activities. When it was not possible to manipulate the budget, a minister was forced to fall back on negotiating with the Ministry of Finance and the Finance Committee of the Knesset for approval to transfer sums from one budget item to another.

The Knesset's consideration of the budget was unsatisfactory, and parliamentary control was weak. As a compilation of proposed expenditures for certain standard purposes, the budget did not give Knesset members a clear picture of the costs of particular programs. The speech of the Finance Minister opening the first reading of the budget bill usually dealt with generalities about economic and financial conditions. In sharp contrast to British parliamentary experience, in which the budget bill stimulated the key legislative debate of the year, the Knesset debates rarely clarified major issues. Their tediousness usually emptied the House, leaving only a handful of members to participate. After the first reading, the bill passed to the Finance Committee. In a period of five or six weeks, the Committee conscientiously reviewed it in detail, considered amendments proposed by its members, heard explanations from the ministries, and debated controversial points. In the end, it voted down practically all amendments.

Occasionally, consideration by the Committee began during or even before the first reading because the Government was overdue in presenting the bill to the Knesset. The law required the Knesset to pass the budget bill before March 31, the end of the fiscal year. In the spring of 1953, it gave temporary budgetary authorization to the Government because it was not able to complete action on all budget bills for 1953-54 until five months of the fiscal year had

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passed. Nevertheless, the refusal of the Knesset to approve the Government's budget without due consideration indicated its desire to develop the budget as an effective tool of parliamentary control. By 1953, it was not able to move toward that goal despite the painstaking work of the Finance Committee.

While operations at all stages of the budget process were deficient, the weakest link lay in the ministries. They rarely had a professionally-trained manager interested in budget making as a tool of effective management. Lacking full-time budget officers at a high level, ministries usually did not know how effectively funds were being spent and were unable to answer convincingly challenges to their budgetary judgment by the Ministry of Finance.

THE SECOND PHASE OF BUDGETING: 1953-1956

After the death of Eliezer Kaplan, the Minister of Finance, in 1952, Levi Eshkol left the Ministry of Agriculture to become Finance Minister. A shake-up of senior administrative posts followed. A new position of budget director was created to which Dr. Yaacov Arnon was appointed in August 1952. Although nominally under the supervision of the accountant general, the budget director worked directly with the Minister. Subsequently a Budget Department was established under the supervision of the director general. The appointment of the budget director came too late to affect the preparation of the 1953-54 budget. By December 1952, he had assembled a small, inexperienced, but vigorous and competent staff anxious to learn quickly. Some were newly graduated from the Hebrew University with training in fiscal and monetary policy, and others were drawn from various offices of the Ministry. Despite long delays in obtaining the approval of the Civil Service Commission for the positions and grades of budget examiners, the staff became a model of industry and intelligent activity.

The establishment of a central budget office in the Ministry of Finance coincided with a developing interest of the State Comptroller in improving the accounting processes of the Government and the formulation of its budget. Beginning in 1951, the Comptroller sought the cooperation of the Ministry in the reform of accounting practices, and a joint committee was established to

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formulate proposals to improve financial accounting. The State Comptroller's first proposal in this area in September 1952 was to decentralize the accounting system under regulations of the accountant general to avoid duplicate record keeping by his office and the ministries. Representatives of the Ministry and the State Comptroller's Office were designated to work out the details.

In his general recommendations to the Minister of Finance in December 1952, the State Comptroller reported that the structure and form of the budget did not meet the needs of a modern state.³ According to him, the budget did not serve as the basis of programs and administrative activities of the Government; it failed to show the Knesset the foundations on which estimates of income and expenditure were based; and it did not provide an intelligible statement of government spending during or at the end of a fiscal year. The Comptroller proposed that the budget be redesigned to give a clear and penetrating picture of the financial situation and aim toward estimating costs of administering particular programs rather than expenditures without reference to program or activity.

During 1953, the Comptroller's Office continued its study of budget making with the cooperation of the Budget Department of the Finance Ministry. On the basis of analyses of budget preparation in the ministries, the Comptroller proposed in July 1953 a comprehensive reform in the structure of the budget and the method and schedule of its preparation.⁴ He called for adoption of the principle of the program or performance budget and a new system of classification and itemization of expenditures and revenues to provide the Government and Knesset with essential data about the financial requirements of governmental programs and minimize transfers of funds from one item to another in the budget. He also proposed a time schedule for budget preparation to begin in August with the cabinet's statement of policy to guide ministries in drafting their estimates. The schedule would enable the Government to submit its budget to the Knesset not later than January 15, giving the parliament two and a half months to complete its action.

³ For the Comptroller's summary, see State Comptroller of Israel, *Annual Report No. 3* (Jerusalem, December 1952, English translation), pp. 31-43.

⁴ The proposals are set forth in State Comptroller of Israel, *Annual Report No. 4* (Jerusalem, December 1953, English translation), pp. 95-126.

In addition the Comptroller urged the central Budget Department to issue detailed procedural instructions to ministries on the drafting of estimates and to conduct budget hearings in which ministry officials would defend their estimates. With respect to the ministries, the Comptroller suggested that each ministry prepare a thorough written explanation of estimates for the use of the Government and Knesset in their budget review. To enable the ministries to fulfill these responsibilities more adequately, he suggested that the director general of each ministry appoint a budget assistant. In the absence of qualified persons for these positions, the Comptroller proposed to organize, with the cooperation of the Budget Department, a training course for budget officers.

Generally the Finance Ministry was sympathetic to the Comptroller's recommendations dealing with the functions of the Budget Department, but some reluctance developed with respect to strengthening budget making in the ministries. It was already apparent that the major coordinating mechanism of coalition Government was the State's budget. Consequently, Mapai leaders in the Finance Ministry valued the budget because of its strategic role in managing the coalition and in maintaining Mapai's political dominance. The Ministry was also aware of the central position in the Government which control of the budget process conferred upon it. It regarded any matter involving public funds as subject to its control and undercut efforts of the Prime Minister's Office to serve as a point of central coordination in the Government. Thus, the budget process became intimately involved both in coalition politics and struggles within Mapai for leadership and control.

The coincidence of the State Comptroller's interest in budgeting and the establishment of a central Budget Department produced almost immediate improvements in budget making. In October 1953, detailed instructions governing preparation of estimates were issued for the first time to the ministries. Although the Minister of Finance was not able to keep his promise to submit the budget to the Knesset during January, he submitted it on February 18, 1954. For the first time in years, the Knesset considered the budget fully and completed its legislative action without undue haste and before the beginning of the fiscal year. The Government's budget for 1954-55 marked the first attempt to provide Knesset members

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with an adequate explanation of Government activities and the purposes for which funds had been and would be spent in the proposed budget. The explanations were published in a special supplementary volume prepared by the Budget Department that accompanied the budget draft. The budget gave more exact classifications of expenditures and made the first effort to frame estimates according to major programs and activities.

Progress continued in 1955-56. Important refinements in the classification of expenditures were made, and the authority of the Minister of Finance to transfer funds from one budget item to another was increased. The explanatory volume was enlarged in scope and coverage. Nevertheless, preparation of the estimates in the ministries remained unsatisfactory. In a few ministries where central management under the director general was above average, the budget was used with some effectiveness as a method of integrating and establishing ministerial control over programs. In such ministries, some efforts were made to review current activities to see if they provided a defensible base for estimating fiscal requirements for the coming year. However, in the majority, accountants still played key roles, and the position of full-time budget officer was not yet accepted.

By 1955 the prestige of the Budget Department was considerable. A modified hearing procedure had been established in which ministry officials explained their estimates to a committee of budget examiners. The examiners also negotiated extensively with ministry officials concerning proposed reductions in estimates, and the director general and Minister of Finance participated effectively in determining final budget recommendations first to the inter-ministerial Economic Committee and then to the cabinet. The 1956-57 budget showed continued improvement in preparation and structure. Some items were transferred from the development to the ordinary budget where they belonged properly. For the first time, a detailed development budget was presented. After the budget bill was enacted, the Finance Ministry conducted a series of public meetings to explain the budget and issued a gaily illustrated pamphlet on taxes. In August 1956, the Ministry issued detailed instructions to guide ministries in drawing up their esti-

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mates for 1957-58 and set September 1 as the deadline for submission of their ordinary budget estimates.

The Finance Committee of the Knesset had five weeks to examine the 1956-57 budget draft. Because 1,000 amendments were submitted by opposition parties, the Committee could do little more than process the amendments and concentrate on the general social and economic goals of government activities. Members whose amendments were defeated in committee could reserve the right to introduce them in the Knesset during the second reading of the budget bill. Legislative deliberation was often ruled out by the necessity for dealing with amendments offered extensively by the opposition. Despite the conscientious work of the Finance Committee, the action of the Knesset was not necessarily based upon an improved understanding of the issues involved in budget controversies. In the spring of 1956 the Finance Committee resolved to devote time during the course of the year to a more leisurely examination of the activities of several ministries in anticipation of the following year's budget.

As an officer independent of the Government and responsible only to the Knesset and its Finance Committee, the State Comptroller is particularly interested in strengthening legislative control of State finances. In November 1954, the Finance Committee, with Knesset approval, requested the State Comptroller to present to it studies of administrative activities that would be useful to it in reviewing the budget.⁵ To fulfill this request, the Comptroller analyzed actual expenditures and revenues during 1954-55 and estimated expenditures and revenues for 1955-56, and in January 1956 he presented the Committee a booklet entitled "The First Step Toward Budget Analysis" (in Hebrew). The report summarized the cost of major programs, including all relevant items from both the ordinary and development budgets. It provided a comprehensive view of the income and expenditure sides of the budget for two years and gave a realistic presentation of expenditures according to programs and activities.

⁵ State Comptroller of Israel, *Annual Report No. 5* (Jerusalem, December 1954, English translation), p. 77.

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PROBLEMS AND PROSPECTS IN BUDGET MAKING

There is no question that the Ministry of Finance controls budget making. The key to its position lies in its firm control of the execution of the budget as well as its formulation. The most useful tool available to the Ministry for this purpose is the authority conferred by annual budget laws upon the Minister of Finance to transfer funds from one budget item to another, except in instances where the amount of money involved is large enough to require the approval of the Finance Committee of the Knesset. In view of the unsettled state of financial affairs and chronic inflationary forces, flexibility is required to make the most effective use of available funds. However, the Minister's transfer authority places the flexibility in the hands of the Finance Minister rather than the individual ministries or the Government as a whole. The Finance Committee has readily approved the Minister's requests to transfer funds. Since transfers made during the fiscal year are not registered as changes in the budget as enacted by the Knesset, it is difficult to compare expenditures from year to year.

The need for transfers of items leads to widespread negotiation between the ministries and the Budget Department. In the bargaining process that ensues, the Budget Department in the Ministry of Finance is in a strong position. Hundreds of transfers approved every year nullify legislative control of spending in accordance with the budget law. The Ministry has discovered that detailed itemization of expenditures leads to demands for transfers of funds, which it controls. Therefore, it tends to resist proposals for more modern classification of items which would remove the necessity for most of the transfers now required by present itemization.

The crisis environment in which the Government operates also enhances the power of the Ministry of Finance. For example, a shortage of funds may require cutbacks in government spending. The Ministry may order a 10 per cent reduction of funds in all ministries; the cabinet protests and the reductions are limited to 6 per cent; but the Ministry of Agriculture may be exempted because of the declared essentiality of its development program. Or a supplementary appropriation for defense activities, which must be made available immediately, is allocated by the Ministry without

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waiting for the determination of the appropriate grades and positions of new personnel according to the rules of the Civil Service Commission. In these situations, the Ministry of Finance occupies a central position.

The powerful status of the Budget Department is also strengthened by the relative incapacity of the cabinet to set economic and budgetary policies to serve as guides to ministries. While the cabinet may determine that future spending should not rise above current levels or that it must be reduced by a fixed percentage, it is not yet able to determine in advance what proportion of total funds should be allotted to major areas of activity, or what level of spending is best calculated to eliminate the threat of inflation.

The proficiency of the Ministry of Finance in budgetary affairs has not been matched by comparable developments either at the level of the individual ministries or in the Knesset. The Ministry of Finance has not used its influence to strengthen the budget process in the ministries. To do so might weaken the role of the Finance Ministry as general coordinator of government activities and undermine its usefulness in the management of the governing coalition. As long as Israel is governed by coalitions headed by Mapai, the Mapai Minister of Finance, through his control of budgets and revenues, will play a strategic role in creating that measure of cohesiveness without which the coalition would collapse. Like other factors in the politics of Israel, budgeting cannot be insulated against the influence of party politics.

The Knesset has not yet used the budget effectively to control administration. It has had no effective control over expenditures and has not been able to prevent ministries from spending more than the budget allowed. For example, from the beginning of the 1955-56 fiscal year the Government spent more than the Knesset approved, especially for certain settlement and employment projects that the cabinet decided could not wait until the following year. When supplementary budget requests were submitted by the cabinet to the Knesset during the fiscal year, the opposition was indignant that the Government had spent more than the Knesset had authorized. Yet the House bailed the Government out by providing additional funds. The defense of the Government's be-

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havior by a Mapai member seemed to reflect the mood of the Knesset:

. . . the entire future of the nation depends on security at the present time, . . . security depends on settlement, and . . . new settlers depend on new roads, new houses and enough emergency employment to keep the heart in them in the face of their very real difficulties. "It is they who carry the burden. The Arabs attack them. The drought attacks them. Even the locusts attack just them. If the Ministry of Labour gives them extra employment, are you going to add it up on a bit of paper?" His passion grew, speech became interlaced with warm Yiddish phrases, and his emotion ran away with him until the Knesset stenographers stared at each other in bewilderment. Just Zionism, and nothing at all to do with the intricacies of December budgets, the likelihood of inflation or the shrewd and hard advice of the Governor of the Bank of Israel. Or possibly the explanation of the budget. That is entirely a matter of temperament.⁶

The Knesset has not been without assistance in budget matters. The explanations prepared by the Ministry of Finance have become longer and more informative. The reports and proposals of the State Comptroller made directly to the Finance Committee provide ample material for its consideration. The principal difficulty lies in the Knesset's lack of interest in matters of organization and administration. Ministries are attacked and defended primarily on the basis of party allegiance, which leaves little room for a more objective appraisal of efficiency and economical operation. Complaints about inadequate performance of a particular ministry are treated as partisan comments with little bearing on the actual state of affairs. In addition the critical conditions affecting the security of the country induce Knesset members to allow the Government considerable discretion in fiscal and administrative matters.

Although substantial progress has been made in converting the State's budget from an unintelligible document to a useful instrument of executive management and parliamentary control, much remains to be done. Continued separation of the ordinary and de-

⁶ Lea Ben-Dor, "Parliamentary Report," *The Jerusalem Post*, December 11, 1955.

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velopment budgets distorts public understanding of the relation of public finance to economic independence. Perhaps the transfer of certain items from the development to the ordinary budget as well as the State Comptroller's effort to group items from both budgets according to program or activity will lead to further integration of the two budgets. Further changes in itemization are required to enable ministries to build their estimates in terms of major programs. Encouraging first steps have been taken on the road toward a program or performance budget; however, additional changes in the structure of the budget may not be possible until some alternative to the Finance Ministry's transfer authority as a cabinet coordinating device is developed. And lastly, the failure of the budget to control the gross expenditures of State enterprises that earn revenues, including the railways, ports, and telephone and postal systems, deprives the budget of comprehensiveness and removes important governmental programs from parliamentary control.

The evolution of budget making illustrates many of the major characteristics of public administration in Israel. The contradictory practices of the Mandatory and Jewish self-government provided the foundation for development during statehood. The chaos and confusion of the first period of war, immigrant absorption, and wild inflation were surmounted somehow by skillful improvisation, sheer energy and determination, and external financial aid. A period of consolidation set in about 1953, during which some important first steps were taken to improve the general level of public administration. Since then, many routine tasks of government have been performed more satisfactorily. Major improvements, however, have depended largely upon the willingness of the leading party, Mapai, to accept the challenge of governmental reform. In critical areas of administration, such as foreign affairs and finance, Mapai could not afford failure. The achievement of reasonable efficiency was not only consistent with but essential to party objectives. Given the powerful influence of the parties on public affairs and public administration, the budget experience suggests that the most promising road toward improved administration lies not in insulating administration from party politics but rather in the progressive identification of administrative effectiveness with party goals and prestige.

Chapter 11 The State Comptroller: Conscience of the Public

THE LAW OF THE STATE COMPTROLLER

One of the most interesting features of politics and administration of governmental affairs during the first decade of statehood has been the Office of the State Comptroller. Independent of the Government and responsible to the Knesset and public opinion, the State Comptroller has become the conscience of the public and its chief critic and analyst of public administration. With broad statutory powers to audit financial transactions and to investigate the conduct of all administrative activities of the Government, the Office has achieved a reputation as an incorruptible, honest, reliable, and cautious investigator and analyst of financial regularity, economical and efficient performance, and ethical conduct in the Government and in institutions supported by it.

Proposals to establish an independent office to audit the Government's financial transactions were included in early versions of a proposed constitution for the State. Some proposals dealing with auditing followed the continental pattern of establishing a board of civil service officials to serve collectively as auditor general reporting to the parliament. However, the draft constitution prepared by Professor Leo Kohn for the consideration of the Provisional Government and the First Knesset adopted the British model of a single auditor general wholly independent of the Government and reporting to the parliament. Article 69 of the Draft Constitution provided that:

There shall be a Comptroller and Auditor General to control, on behalf of the State, all payments and to audit all accounts of monies administered by or under the authority of the Chamber of Deputies. He shall not be a member of the Chamber of Deputies nor hold any other office or position of emolument. The manner of his appointment and the length and conditions of his tenure of office shall be fixed by law.

The emphasis in the proposed article was placed entirely upon

financial regularity and excluded matters relating to administrative management and organization of governmental activities.

After the doom of the Draft Constitution by the enactment of the Transition Law in February 1949, negotiations were opened to create a comptroller's office to fulfill the functions outlined in the draft. Two months later, the Knesset passed the State Comptroller's Law, 5709-1949 on May 18, 1949. The law was amended twice, in 1952 and 1954, to enlarge the jurisdiction and authority of the State Comptroller and to make certain technical revisions.¹ The first section of the statute provided that the State Comptroller's task was "to control the State finances and their management, economic enterprises of the State and the property of the State, and to carry out the other functions assigned to the Comptroller by this law."

The Comptroller is appointed by the President of the State upon the recommendation of the House Committee of the Knesset. Originally he was appointed for a term which coincided with that of the Knesset plus four months. In 1952, however, his term was changed to five years irrespective of parliamentary tenure. The Knesset may remove him by a two-thirds majority of the members voting, but no proposals for removal action have been made to date. The law is specific in its declaration that "in carrying out his functions, the Comptroller shall be responsible only to the Knesset and shall not be dependent upon the Government." The law also directs the Comptroller to "act in cooperation with the Finance Committee of the Knesset" and to "report to it on his activities whenever he may deem fit or is required to do so by the Committee." Under these statutory terms, the Comptroller has developed a close relation to the Finance Committee, which increasingly uses his staff to provide essential information for its consideration of the financial, budgetary, and other administrative affairs of the Government.

Much of the moral force of the Comptroller's position is derived from the statutory rules governing his general conduct. During his term, he may not engage actively in politics or be a member of

¹ The law is reprinted in the various annual reports of the State Comptroller. The 1952 changes are included in the State Comptroller's (Amendment) Law, 5712-1952, passed on July 28, 1952. The 1954 revisions are set forth in the State Comptroller's (Amendment) Law, 5714-1954, enacted on February 10, 1954.

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the Knesset, the council of a local authority, or a board of directors of a company or society operating for profit. He is prohibited from holding any other office, engaging directly or indirectly in any business, trade, or profession or participating directly or indirectly in any enterprise which holds a concession from, is subsidized by, or controlled in any way by the Government. He is specifically forbidden to "buy, hire, accept as a gift, use, or hold in any other manner, any State property, whether immovable or movable, or accept from the Government any contract or concession or any benefit in addition to his remuneration, except land or a loan for the purpose of settlement or housing." His salary, along with those of the President, ministers, and judges, is prescribed by the Knesset, which has delegated its authority to the Finance Committee.²

Nearly four months passed before Dr. S. Moses, formerly head of the Berlin Jewish community and a distinguished public accountant, was appointed. At the expiration of his term after the end of the First Knesset, he was reappointed by the Second Knesset in December 1951. In 1952 the Comptroller's term was changed to five years, Dr. Moses' appointment was extended to December 1956. At the end of that term, he was reappointed for another five-year term. Moses has been an able Comptroller of unquestioned integrity. His reports have been models of precision and conciseness and provide an accurate commentary on the capacity of the State to govern.

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In accordance with the general provision of section 1 of the Law, the State Comptroller's activities are designed to achieve three related objectives; first, to assure the legality of all financial transactions of the State; secondly, to promote accuracy and orderliness in the handling of financial documents and records; and thirdly, to promote efficiency, economy, and ethical behavior in government activities.

In pursuit of its objectives the Comptroller's Office performs two general functions. It audits the financial records of government and government-related institutions and conducts surveys and in-

² Under resolution of November 28, 1950.

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vestigations of administrative activities. Since 1952, when the promotion of "moral integrity" was assigned to the Office, it has also been concerned with the behavior of government employees, not primarily to discover instances of corruption but to improve the level of their conduct by helping to formulate a code of ethical behavior.

Perhaps the most interesting characteristic of the State Comptroller's Office is its unusual combination in a single agency of post-auditing of financial transactions and analysis of current administrative operations of the Government. In most countries, the latter function has usually been assigned to the executive branch. In Israel, however, the weakness of the Civil Service Commission's activities in this area, the inability of the Prime Minister's Office to overcome obstacles to its development of Government-wide coordinating functions, and the preoccupation of the Finance Ministry with other urgent business have left the State Comptroller's Office without a counterpart in the Government.

In carrying out his auditing activities, the Comptroller is directed by law to examine and determine:

1. whether every expenditure has been incurred within the limits of the legal appropriation, for the purpose of which it is assigned, and in accordance with the directions of the Minister of Finance applicable to such expenditures;

2. whether the income has been received in accordance with law and is authorized by law;

3. whether there are sufficient vouchers in respect of all expenditure and income;

4. whether every act within the scope of his control has been done in accordance with law and by the person authorized to do it;

5. whether the keeping of accounts, the drawing up of balance sheets, the checking of the cash-in-hand and the stock, and the voucher system are efficient;

6. whether the method of keeping moneys and safeguarding property is satisfactory;

7. whether the state of the cash-in-hand and the stock tallies with the accounts.³

³ State Comptroller's Law, as amended, section 8(a) (1-7).

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The Comptroller's functions of administrative investigation and analysis are covered less elaborately by the simple provision that he shall see whether the offices subject to his control "have operated economically and efficiently and with moral integrity."⁴

The functions of the State Comptroller have been interpreted very broadly, ranging from the preparation of technical reports on unsatisfactory or illegal financial operations to formulation of legislative proposals to improve the efficiency of public administration. The mere existence of the Office has had important psychological values in alerting government employees to their responsibilities and providing an independent source of reliable information about the conduct of governmental affairs. The wide scope of the Comptroller's responsibility is matched by broad powers of inquiry. He may require government offices to submit regular and special reports on their finances and administrative activities,⁵ and he and staff members, as approved by the Finance Committee of the Knesset, are vested with the authority of Commissions of Enquiry, including the right to compel testimony under oath.

Given the extent to which the Government supports scores of public corporations and other enterprises, a great many offices and enterprises are subject to control. They include all government offices and enterprises, local authorities, managers or holders of State property, subsidized institutions, enterprises in whose management the Government participates, including public corporations, and any other body placed under control by law or by agreement with the Government. In the case of subsidized institutions, audits and investigations are carried out only upon the instruction of the Finance Committee or in instances where the Comptroller deems it necessary in the interest of the State. Control of public corporations and local authorities was extended by the 1952 amendments to include their efficiency, economy, and moral integrity as well as their financial activities.

The key to the work of the State Comptroller and his staff lies in the statute's provision concerning his annual report. The law re-

⁴ *Ibid.*, section 8(a) (8).

⁵ Section 9(b) of the law reads: "The Comptroller may, at any time, require of a controlled body a report covering any period and any matter within the scope of his control."

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quires all ministries and other institutions subject to the Comptroller's jurisdiction, except the Finance Ministry, to submit to the Comptroller, not later than July 31, four months after the close of the fiscal year, a report of income and expenditures, a balance sheet of assets and liabilities, and any other data required by the Comptroller.⁶ The Minister of Finance is required to submit not later than September 30, six months after the expiration of the fiscal year, a general report on the income and expenditure of the State during the year. In addition he must submit not later than December 31, nine months after the year's expiration, a balance sheet showing the assets and liabilities of the State at the end of the fiscal year. By December 31, the Comptroller is required to submit his annual report. It is presented first to the Minister of Finance for his comments and observations. Originally the Minister was required to file his observations within one month, that is, by January 31. Because of the Ministry's difficulties in replying to the first and second annual reports, the 1952 amendments extended the Minister's time to February 15. At that time, the Comptroller's report is submitted to the Finance Committee of the Knesset with the observations of the Minister of Finance, if they are available.

In the original statute, it was assumed that the Finance Committee of the Knesset would make a review of the Comptroller's report a first order of business. However, because of the pressure of other work, the Finance Committee was not able to make its recommendations to the Knesset on the first and second annual reports for 1948-50 and 1950-51 until February 1953. Consequently, the 1952 amendments gave the Committee two months (until approximately April 15) to complete its action, and the 1954 amendments lengthened the time limit to four and a half months (July 1). For security reasons, the 1954 revisions permit the Committee to determine whether to submit the Comptroller's report on defense activities to the Knesset or withhold it from publication. Throughout the first years, only the Comptroller himself has invariably complied with the statutory schedule.

The Comptroller's annual report makes proposals to overcome

⁶ The 1949 statute required such reports to be submitted within three months after the end of the fiscal year. The impossibility of submitting reports within this time limit persuaded the Knesset to extend the period to four months in the amendments of 1952.

administrative inadequacies in the future and to improve the efficiency, economy, and moral integrity of governmental operations. It also indicates inadequacies and illegalities of finance and administration that were previously noted by the Comptroller but have not yet been eliminated or satisfactorily explained. From time to time, he submits special reports on his own initiative and, at the request of the Knesset, the Finance Committee, or the Government prepares statements of opinion and special reports. Under the law, ministries and other institutions subject to control are directed to remedy defects which the Comptroller has brought to their attention. In case of failure or refusal to comply, the Comptroller's only recourse is to note such action in his annual report.

From the beginning, the State Comptroller has stressed the importance of promoting improvement in public finance and administration rather than merely noting defects in current operations. In his third annual report for 1951-52, for example, Dr. Moses wrote:

I consider my prime task as State Comptroller is to present to the Government and the Knesset proposals, based on investigation of administrative problems, leading to widespread reforms, rather than the correction of specific, isolated defects.⁷

In subsequent special and annual reports, the Comptroller increased his emphasis on seeking out basic causes of irregularity and inefficiency rather than identifying individual shortcomings. The trend can be seen best in his sixth report for 1954-55 which highlights, more than previous reports did, the importance assigned to surveys that anticipate serious governmental problems and initiate proposals to eliminate widespread deficiencies in operation and raise the level of efficiency and economical performance. For example, the extensive sections of the report dealing with local authorities and public corporations together provide the most informative, inclusive data on these institutions available to the Knesset and to the public. Furthermore, their summary of essential information is followed by sensible suggestions for taking prompt

⁷ State Comptroller of Israel, *Annual Report No. 3* (Jerusalem: December 1952, English translation), p. ii.

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administrative action to improve a bad situation.⁸ Reports in previous years, following the same approach, have dealt with such subjects as budgeting, the conduct of civil servants, personnel problems of government, and the management of State property.

If the Comptroller's annual reports are read with a sympathetic awareness of the problems of governing a new State, they provide the best single source of relevant information about public administration in Israel. Because of their emphasis upon problems rather than achievements, they have inevitably provided political ammunition for the opposition parties anxious to use every opportunity to embarrass and criticize the Government. Nevertheless, the Comptroller's relations with the Ministry of Finance, which is the ministry most vitally affected by the Comptroller's work, have improved considerably, and the recommendations of the Comptroller now receive a friendlier hearing than they did at the outset. Many of the suggestions of the Comptroller that were ignored when they were originally made have been restudied and used as the basis of significant reform.

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To enable him to discharge his functions, the State Comptroller employs a staff that has grown from about 100 in 1950 to about 350 in 1956. Consistent with his independence from the Government, he has considerable discretion in employing staff. While staff members have civil service status, they are free from the supervision of the Civil Service Commission. While the grades of positions correspond to those in the civil service, there are relatively more officials at the highest grades in the Office than in the Government generally. Similarly the Comptroller's budget is determined exclusively by the Finance Committee and the Knesset on the recommendation of the Comptroller. Staff members are governed by the same prohibitions concerning outside interests and conduct that apply to the Comptroller and must maintain secrecy concerning information obtained in the course of their work.

The organization of the Office is complex. The central staff is

⁸ See State Comptroller of Israel, *Annual Report No. 6* (Jerusalem: December 1955, English translation), pp. 48-55, 121-307.

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headed by the director general and includes special advisers to the Comptroller and units charged with planning responsibilities, personnel training, administrative housekeeping, economic research, and the editing of Office publications. Six divisions for auditing and administrative investigations are organized functionally and comprise the great majority of the staff. They deal with general governmental ministries and welfare functions, government enterprises, economic ministries, defense and police, local authorities, and public corporations. Special units examine the activities of the Reparations Company and other special governmental agencies.

In addition to the functional divisions carrying continuing responsibility for checking financial and administrative performance in ministries and other offices, there are three small staffs for more specialized activities. One provides legal advice to all units of the Office and processes complaints filed about government activities with the Comptroller. A second (the Efficiency Control Service) makes special studies of administrative problems, and a third is a trouble-shooting staff to investigate financial matters that require immediate clarification.

The staff is located in the three main cities: Jerusalem, Tel Aviv, and Haifa. A third or more of the staff is located in Tel Aviv engaged in activities related to defense, police, public corporations, and local authorities. A small staff in Haifa deals with activities whose management is concentrated in the northern section of the country, including ports, railways, and customs administration. In order to coordinate their activities and supervise their staffs, division heads and their assistants travel frequently from city to city. For example, those located in the Tel Aviv office often stay two days a week in Jerusalem, and much time is spent in transit. Some organizational problems concerning the proper supervision of the staff in Haifa have persisted.

Largely because of the unavailability of qualified personnel for other duties and the imperative need to establish some order in the handling of the Government's finances, the first task assumed by the Office was audit control. In this area the major problem of the Office was to instill in the chief examiners an adequate sense of judgment in selecting areas and determining the degree of intensiveness of audit control. Perhaps a German flair for detail

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coupled with a narrow approach toward public finance focussed the attention of many examiners upon details rather than general financial conditions. In their devotion to detail, examiners often lost sight of the broad objectives and were disappointed when the executives of the Office found it very difficult to use their data in preparation of the Comptroller's annual report.

In order to offset these tendencies, the Comptroller assigned general duties of administrative analysis to the divisions guided by the planning and reporting system established in the Management Division. However, rigidities developed in central planning which the divisions found discomforting and annoying. The Comptroller's effort to widen the perspective of the examiners to embrace administrative management has met with only partial success. Nevertheless, repeated exposure to the ideas and techniques of administrative analysis as distinguished from auditing has influenced the staff and has created a greater understanding of the problems of public administration in a novel and complex environment.

The concentration of several divisions upon audit work also frustrated the special staff for administrative analysis in its attempts to assist the divisions in conducting administrative investigations. The staff had a tendency to focus its attention on certain routine administrative activities that had little effect on public administration in general. It also became somewhat wedded to modern techniques of administrative analysis that were excessively refined in relation to the many crude administrative problems that most required resolution. Nevertheless, progress was made in training several staff members to conduct systematic surveys of important governmental operations and to make intelligent proposals for their improvement.

It is doubtful whether the work performed by the staff is proportionate to its size. The major difficulty has been the lack of trained personnel to conduct investigations that go beyond technical examination of financial transactions to test their accuracy, honesty, and legality. German immigrants of the 1930's, with substantial training in accounting and auditing, have provided the major proportion of the Comptroller's staff. Many are able auditors, but they lack training in management and often are unsympathetic to a broader approach to problems of governmental administration.

The Comptroller has had a realistic grasp of the limitations of

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his staff, and he has stimulated training programs to improve the functioning of the Office. In 1952 a team of Dutch experts in organization and administrative management conducted seminars and conferences and were followed in subsequent years by American experts in administrative analysis, budgeting, work simplification and measurement, and records management. In 1953 the Comptroller introduced a special training program designed to recruit qualified university graduates into trainee positions in the Office. In 1955, he organized special training courses in budgeting to prepare his staff to assume the burden of analyzing the execution of the State's budget on behalf of the Finance Committee of the Knesset.

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The effectiveness of the Comptroller depends substantially on his relationship to the Finance Committee of the Knesset, to whom he reports and upon whom he depends for his budget and the size of his staff. At first the Committee's pace in reviewing his annual and special reports was extremely slow. The third annual report, for example, was issued before the Committee was able to make its recommendations concerning the first two. By September 1956 neither the fifth nor the sixth reports had been debated in the Knesset.

TABLE 27

Disposition of the State Comptroller's Annual Reports in the Knesset

<i>Annual Report No.</i>	<i>Period Covered by Report</i>	<i>Date Received by Finance Committee</i>	<i>Date Debated in Knesset</i>
1	May 1948- 1950	Part 1, Nov. 1950 Part 2, April 1951	February 1953
2	1950-51	February 1952	
3	1951-52	February 1953	
4	1952-53	February 1954	November 1954
5	1953-54	February 1955	December 1955
6	1954-55	January 1956	February 1957
7	1955-56	January 1957	—

Source: Annual Reports of the State Comptroller.

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The Finance Committee has not been able to maintain the statutory schedule for consideration of the Comptroller's annual reports. Consequently, Knesset action on the proposals of the Committee has also been delayed. Parliamentary practice in this area vitally affects the importance which the Government attaches to the work of the Comptroller. If financial irregularities and outstanding cases of administrative inefficiency noted by the Comptroller are not forcefully brought to the attention of appropriate Government officials, the latter may assume that they can afford to ignore his criticism and suggestions for reform. Even in the case of the fifth annual report, the first one processed by the Finance Committee within the statutory limit of four and a half months, the Knesset was not able to deal with the Committee's resolutions because of the impending termination of the Second Knesset and the election of the Third. When the new Knesset convened, the reconstituted Finance Committee considered the report anew and proposed a resolution that was identical with that of its predecessor. In February 1957 during the parliamentary debate on the Comptroller's report for 1954-55, it was suggested that a special committee of the Knesset be appointed to deal with the Comptroller's reports in order to relieve the already over-burdened Finance Committee and to speed parliamentary consideration of the reports.

After its review of the annual report, the Committee submits a lengthy resolution to the Knesset for its approval. It in effect underlines observations and proposals of the Comptroller which the Committee deems sufficiently significant to draw to the attention of the Knesset. For example, its "Conclusions and Proposals" on the first and second annual reports contained twenty-seven proposals. The Committee first admonished the Government to correct the defects noted by the Comptroller within six months and requested the Finance Minister to furnish financial reports to the Comptroller promptly, as required by law. It then "took note" of the following action it thought necessary:

1. Procedures for handling disciplinary cases in the Government should be improved.
2. Proper regulations governing centralized management of supplies and stores and precautions against fire hazards should be formulated.

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3. Staff for income tax collection should be enlarged and office accommodations should be improved to eliminate overcrowding.

4. The handling of State property must be improved immediately in order to increase State revenues.

5. The recording of foreign currency transactions by banks and other institutions that receive and disburse foreign currency should be centralized.

6. The survey and registration of State lands should be expedited.

7. The Minister of the Interior should improve the handling of budgetary and financial matters by local authorities.

8. Uniform rules governing such activities of local authorities as borrowing authority, payment of pensions, creation of local public enterprises, and the legal status of Religious Councils should be established.

9. Activities of Israel Government purchasing missions abroad as well as the salaries and other terms of employment of officials serving overseas should be coordinated.

10. The Minister of Defense should improve his control of veteran rehabilitation affairs.

11. The Government should supervise all loans advanced from the State budget to various institutions for development work.

12. The Comptroller should continue his study of the structure and preparation of the State budget.

13. The Comptroller's recommendations concerning revision of the accounting systems in the ministries should be carried out as quickly as possible.

14. The Government should exercise a stronger influence on the operations of public corporations.

15. A joint committee dealing with methods of hospital administration should be renewed.

16. The Finance Minister should seek the approval of the Finance Committee to transfer funds from one budgetary item to another.

17. Institutions receiving financial support from the Government should submit detailed reports on their budgets and balance sheets to the Government.

In addition to specific endorsement of proposals of the Comp-

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troller, the Committee also approved certain actions of the Comptroller, including his study of budget preparation, efforts to train his staff to carry out their tasks more effectively, and the establishment of the Efficiency Control Service. In addition it requested the Minister of Finance to prepare certain financial and other data for the Committee. It concluded its proposals by warmly endorsing the work of the Comptroller:

The Committee considers that the State Comptroller's work makes an important contribution to the improvement of the financial administration and accounting arrangements of both Government offices and other bodies controlled.⁹

In November 1954, the Knesset completed action on the third and fourth annual reports of the State Comptroller. As ratified by the Knesset, the Committee's "Recommendations and Conclusions" contained twenty-five specific comments, including references to:

- the Government's correction of defects noted previously by the Comptroller;
- orderly dismissal of Government personnel;
- registration and management of State land;
- central administration of supplies and stores;
- processing import and export licenses;
- improving moral integrity in Government employment;
- reforms in budgeting and accounting;
- use of public tenders in Government purchasing programs;
- coordination of Government construction programs;
- status of public corporations;
- reduction in the differential between salaries in the Government and public corporations; and
- serious defects in the administration of local authorities.

Again the Committee cited its appreciation of the important and valuable contributions made by the Comptroller to the work of the Knesset and the improvement of the activities of the Government.¹⁰ The Knesset and its Finance Committee value highly the

⁹ From Recommendation 27, adopted by the Knesset on February 24, 1953. Reprinted in State Comptroller of Israel, *Annual Report No. 4* (Jerusalem: December 1953, English translation), p. 25.

¹⁰ State Comptroller of Israel, *Annual Report No. 5* (Jerusalem: December 1954, English translation), pp. 13-28.

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work of the State Comptroller, but they have not yet found an effective way to utilize the Comptroller's criticisms and recommendations for the improvement of public administration.

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In pursuit of his objectives of assuring legality in financial transactions, promoting financial regularity, and stimulating more efficient, economical performance based on moral integrity, the Comptroller has highlighted critical deficiencies in the development of public administration in Israel. He has devoted the largest proportion of staff time to the problem of eliminating dishonesty and corruption in the handling of the State's finances. Through the auditing of vouchers and other financial documents and analysis of balance sheets and financial statements, he has promoted compliance with the law and regularity in public finance. The Comptroller has also endeavored to hasten the development of adequate standards to guide both government employees and citizens in their participation in the administration of governmental activities. In such areas as the ethical conduct of public employees, the preparation of budget estimates, the relationships between the local authorities and Government ministries, and the Government's relation to public corporations and subsidized institutions, he has pointed the way toward more effective performance by the Government and the elimination of excessive or unguided official discretion in public administration. By attempting to narrow the possibility of arbitrary or inequitable action and decision through the formulation of standards of conduct and articulated policies, he has become the champion of fairness and responsible operation in public affairs.

In a Government influenced divisively by a multi-party system and operated by a civil service that has not yet developed clear-cut government-wide loyalty, the Comptroller has emphasized the importance of securing adequate cooperation among ministries. To promote inter-ministerial cooperation, he and his staff have made specific proposals growing out of their survey work that aim to eliminate confusion and waste resulting from separate and uncoordinated actions and policies of several government offices. Al-

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though little has been accomplished in strengthening the leadership of the Ministry of the Interior in guiding the proper development of public administration in local authorities, the extensive reports of the Comptroller have laid a foundation for future action. Similarly, the Comptroller has successfully encouraged better coordination among ministries engaged in construction programs.

The Comptroller has laid special emphasis upon centralizing certain activities, especially those related to housekeeping services requiring careful, uniform treatment throughout the Government. In this area, for example, the Comptroller's reports have urged consolidation of major purchasing by the Government in the Ministry of Finance with ample controls over finances and inventory. Appropriate accounting methods for controlling supplies have been recommended, and the use of tenders in purchase programs has been upheld. Urgent completion of land surveys and registration as a prerequisite of adequate control of State land and other property has been repeatedly recommended. Concentration of purchase programs in the United States and elsewhere has been urged as the way toward greater effectiveness and economy in spending scarce funds. Another important concern has been the efficient operation of State enterprises, including the postal, telephone, and telegraph systems, railways, and ports. These commercial enterprises operated by the Government have been surveyed continuously in order to improve their operating efficiency.

The Comptroller has stressed the importance of developing an adequate civil service as a basis for effective public administration. In introducing his sixth annual report, Dr. Moses wrote:

It may be stated that the readiness of the ministries to effect improvements increased considerably [in 1954-55]; particularly the important reforms required in the previous Reports have reached, to a large extent, the stage of execution. Yet increasingly we are realizing the importance of the human factor in public administration; radical betterment in State administration does not depend solely on administrative and organizational improvements, but, at least to the same extent, on civil service personnel. It is, therefore, essential that all efforts should be made to ensure that the status and the work conditions of the civil service, as

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well as its ability and readiness for loyal and intelligent work, enable it gradually to improve the State administration.¹¹

In personnel administration, he has called for higher salaries at senior levels to increase incentive and establish the civil service as a worthy career, and closer similarity between the salaries of the civil service and those prevailing in the public corporations. Systematic study of personnel needs has been recommended as the only proper basis for decreasing the number of employees. In comments on drafts of civil service legislation, the Comptroller has stated the need for depoliticizing the civil service. He has recommended tighter disciplinary rules and clarification of the financial responsibility of civil servants. His recommendations have included plans to regularize the housing of civil servants and the formulation of a priority system governing the relative claims of civil servants upon the State for housing. Extensive proposals have been made to improve employee morale and raise standards of ethical conduct. In order to free the civil service of incompetents, he has demonstrated that the difficulty of dismissing employees has had an unhealthy impact upon the quality of public service. He has called attention to the inadequacies of personnel of Israeli missions abroad and has recommended training programs and procedures for administrative staffs of embassies and consulates.

The Comptroller has given particular attention to the financial and other administrative activities of the Ministry of Defense, the armed forces, and other activities related to the security of the nation. Since 1954, a supplementary annual report on defense matters has been filed with the Finance Committee. Finally, special importance has been given to the rapid improvement of budgeting and accounting processes. In addition to checking specific financial transactions, the Comptroller has always devoted a considerable portion of his efforts to the formulation of proposals for improved accounting systems in cooperation with the Ministry of Finance. Since the creation of a joint committee representing the Office and the Ministry in August 1951, substantial progress has been achieved in establishing a modern system of public accounting in the Gov-

¹¹ State Comptroller of Israel, *Annual Report No. 6* (Jerusalem: December 1955, English translation), p. 2.

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ernment. The Comptroller has favored the extension of accounting facilities and responsibilities in the ministries. He has outlined the need for effective pre-auditing in the ministries and for establishing an accrual system of governmental accounting. In certain difficult areas, such as making advance payments by Government and the preparation of balance sheets, the Comptroller has made detailed suggestions for reform. Together with the Director General and Budget Director of the Ministry of Finance, he has provided the leadership for revision of the process of budget making along modern lines.¹²

Because of its status and record as an objective and honest Office independent of the Government, the State Comptroller's Office receives many complaints from the public alleging unfair treatment or arbitrary, inefficient, or dishonest behavior on the part of civil servants. In 1953-54, nearly 600 such complaints were received, and the number rose to about 800 in 1954-55. Many complaints deal with the assessing and collecting of taxes by the central Government and local authorities. Others are concerned with alleged delays in the Government in the making of payments due citizens, discrimination in granting licenses, lack of fairness in handling welfare matters, and similar situations. While the Office cannot endeavor to investigate all complaints to determine whether citizens have been treated wrongfully, it concentrates on complaints that indicate on their face a probable serious problem in a significant area of public administration. The legal adviser of the State Comptroller is charged with disposition of complaints.

As the agent of the Knesset, the Comptroller's prestige in parliament has not yet been matched by a similar standing in the Government. The weakness of the Knesset itself in matters of governmental organization and administration deprives the Comptroller's recommendations of much of their authoritativeness. As long as the Knesset remains heavily dependent upon the Government, the Comptroller's achievements in helping to raise the level of competence and integrity throughout the Government may depend more upon the skill of his staff in securing cooperative responses from the ministries than on any other single factor. Since the Govern-

¹² Further details of the Comptroller's role in budgeting are given in Chapter 9.

ment is still in the early stages of administrative development, the Comptroller is likely to achieve more through persuasion and co-operation than by criticizing ministries for financial irregularity and administrative ineptness.

What Government ministries require above all is specific, practical, sympathetic guidance in both substantive and procedural aspects of public administration. Yet many staff members are probably unable to develop a cooperative relationship with the ministries to which they are assigned. Once again, the lack of skilled administrative analysts with the necessary personal as well as professional qualities tends to reinforce an emphasis on the post-auditing activities of the Office and the preparation of reports to a parliament that lacks adequate facility for using them as constructively as their subject matter deserves. On the other hand, the Comptroller's increasing emphasis upon professional training of available personnel and his growing concentration on key areas of public administration requiring remedial attention will undoubtedly strengthen his Office not only as the conscience of the public but as a constructive force for progressive development of responsible, effective administration of governmental affairs.

Chapter 12 The Crisis in Local Government

LOCAL GOVERNMENT IN PALESTINE

Since 1909, some officials have been elected by local communities to govern cities and towns in Palestine. At the end of the Ottoman empire twenty-two municipalities were organized, some of which were small and weak. Despite some progress under the Mandate to provide an adequate legal basis for the development of self-governing institutions, the British achieved little in stimulating a local governing tradition or in building a corps of officials experienced in administering local services. Property qualifications severely restricted voting eligibility in the cities, and firm central control exercised by the Mandatory over municipalities limited local discretion and discouraged local officials. Even when the Mandatory delegated limited powers to municipalities, it reserved the right to intervene, revoke decisions, and remove officials.

Mandatory ordinances still supply the legal foundation for local government in Israel. Three ordinances enacted between 1934 and 1944 provide for three classes of local authorities. Municipalities were established in large and medium-sized cities; local councils were authorized for towns; and village councils were created for rural settlements.¹ Legislation during the 1940's authorizing local and village councils was more modern than the Municipalities Ordinance of 1934. Local councils were given certain powers denied to municipalities. For example, unlike the cities, they were permitted to write off bad debts and to reduce tax liabilities for social cases.

Under the Mandate there was no central office for supervision of local authorities; nevertheless, local self-government existed only on sufferance of the central government. Supervisory power was vested in district administrators or governors serving directly under the High Commissioner. This type of administration encouraged particularistic treatment of local problems and discouraged efforts of adjacent communities to cooperate or federate for the purpose of providing services more efficiently or economically. Mandatory officials prevented mergers of local units and tended to promote

¹ Municipalities Ordinance, 1934; Local Councils Ordinance, 1941; and Village Administration Ordinance, 1944.

jurisdictional disputes among them. The cities and towns bred a galaxy of laws, regulations, and codes that created conflicts among local authorities and stimulated land speculation based on differential taxation and building codes. At the end of the Mandate, there were twenty-four municipalities and thirty-eight local councils in Palestine, some of which were outside the area now included within the boundaries of Israel.

The Mandatory hampered the development of local government and bequeathed to Israel a disrespect for and lack of interest in local authorities. Legal limitations harassed and frustrated cities and towns and alienated them from the central authority. Larger cities particularly objected to, and often refused to comply with, the rule requiring approval of the Government to appoint even minor employees or to perform some minor task, such as the payment of overtime to employees. Local officials had little respect for the legal requirements of central approval and supervision and took particular delight in flouting them.² The indifference or opposition to law engendered by the Mandatory system was retained after the founding of the State. Contempt for the law combined with a lack of usable governing experience and an outmoded legal foundation provided Israel with a highly unsatisfactory base upon which to build its institutions of local government.

ESTABLISHING LOCAL AUTHORITIES IN ISRAEL

On the assumption of statehood, the basic Mandatory ordinances were incorporated into the law of Israel. In accordance with the typical continental European pattern, the powers of supervision of local authorities passed to the Minister of the Interior, who has full control of the establishment of local authorities. By virtue of his power to authorize their creation, approve their by-laws, and control their budgets, he influences local government for better or for worse. The Knesset has amended the ordinances to overcome some, but not all, of their undemocratic features. All tax and property qualifi-

² For comments on the impact of Mandatory tradition on local authorities in Israel, see State Comptroller of Israel, "The First Phase of State Control," published in Hebrew in 1950 before the Comptroller's first annual report was issued. It is summarized in *Annual Report No. 6* (Jerusalem: December 1955, English translation), pp. 244-246.

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cations for voting were abolished. Local committees now organize electoral machinery under rules laid down by the Knesset. Other changes enable local authorities to elect their mayors instead of having them appointed centrally and make it possible for them to federate to provide such joint services as sewage disposal, water supply, education, roads, and recreational facilities.

Cities range from about 15,000 to almost 400,000 in population. Towns range from about 2,000 to 20,000. The old village council has all but disappeared and can be ignored. In its place regional councils representing neighboring rural settlements have been established by the Ministry of the Interior. In order to institute some form of local government for new immigrant settlements, the Ministry also organizes immigrant communities, appoints local advisory councils, recruits staff, and prepares tax schedules and budgets. When the Ministry believes that a settlement is ready to assume governing responsibilities, it may attach it to a regional or local council.

Considerable progress has been made in establishing new local authorities and converting the status of old ones in accordance with the pace and character of immigration and population growth. The number of local authorities increased nearly five-fold between 1948 and 1956. Four settlements, which were declared local councils, had not yet begun to function as such. By the beginning of 1955, there were twenty-five cities and towns with a population of at least 25,000.³

TABLE 28

Development of Local Authorities, 1948-1956

<i>Class of Authority</i>	<i>1948-1949</i>	<i>1950-1951</i>	<i>1952-1953</i>	<i>1954-1955</i>	<i>1955-1956</i>
Cities	8	18	21	20	20
Local Councils	20	44	71	83	86
Regional Councils	4	31	42	48	48
Village Councils	2	1	1	1	1
Total	34	94	135	152	155

Source: Annual Reports of the State Comptroller, Nos. 3-6; *Government Year-Book*, 5717 (1956), p. 298.

³ See Table K, Appendix, "Population of Cities and Towns of 10,000 or More Persons, January 1, 1955."

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The population pattern of Israel is easily grasped. About 90 per cent are Jews. Approximately 70 per cent of the population is urban. About two thirds of all inhabitants reside in communities of at least 10,000 persons. In 1955, the three largest cities together comprised 40 per cent of the total population compared with 60 per cent in 1948. About three fourths of all inhabitants are concentrated along the narrow central coastal strip and make Tel Aviv (360,000) and the area immediately east of it (200,000) a metropolitan area which can scarcely be served adequately by separate city and town governments. Separated into two municipalities and seven other authorities, the area outside Tel Aviv provides conflicting municipal services characterized by poor planning and considerable waste of resources.⁴

In January 1955, there were 863 settlements in Israel and a total population of 1,718,000, of which 1,562,000 were Jews. By April 1957 total population was approximately 1,900,000.

TABLE 29
Population Distribution by Size of Settlement, January 1, 1955

<i>Size of Settlement</i>	<i>Per Cent of Total Population</i>	<i>Cumulative Per Cent</i>
0- 499	8.8	8.8
500-1,999	7.7	16.5
2,000-4,999	9.5	26.0
5,000-49,999	32.3	58.3
50,000 and over	41.7	100.0

Source: State of Israel, Central Bureau of Statistics, *Israel Economic Indicators*, vol. I, April 1955, p. 11.

In 1948, the Ministry of the Interior established three supervisory districts in the Mandatory pattern, and in 1953 it created three additional districts. The districts, headed by representatives responsible to the Minister, now have enough authority to eliminate some of the direct appeals by local authorities to the Ministry itself. Headquartered in Jerusalem, Nazareth, Haifa, Ramle, Tel Aviv, and Beersheba, the districts may herald the eventual development of British-type counties embracing all local services throughout the country.

⁴ The two municipalities are Ramat Gan and Bnei Brak; the other units are Givataim, Givat Shmuel, Ono, Or Yehuda, Kfar Azar, Efal, and Givat Pinkas.

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When the Minister approves the establishment of a new local authority, he has complete discretion in appointing a governing council. As soon as regular elections are held, the appointed council is replaced by an elected one that usually has 10 to 15 councillors. They elect the mayor from among their own members. Since 1949, every person eighteen years of age and over with six months' local residence is eligible to vote in local elections. Candidates for office must be twenty years old.

Local authorities have not escaped the pervasive influence of party politics. Like Knesset elections, local elections are secret, universal, direct, and proportional. They are scheduled simultaneously with Knesset elections. The entire area of a local authority is one constituency, and voters cast their ballots for party lists rather than individual candidates. With local elections run on national party lines, candidates for local office have rarely been distinguished, and the standard of council members has been low. The best talent in the parties tends to go into key positions in the Knesset, the party secretariats, the Histadrut, and the Jewish Agency, often leaving only third-rate persons available for party positions in local councils. Most local officials have cared little for local administration. They have neglected their responsibilities, but they have jealously retained their posts. The coincidence of national and local elections has drawn local government deep into the quagmire of coalition negotiations. The election of mayors and their deputies has been subjected to bargaining among actual or prospective coalition partners. Even more significantly, local administration is subject to deals among parties that degrade it and lower its prospects for minimally effective performance.

Since 1948, the functions of local authorities have expanded greatly. They have undertaken new services either on their own initiative or as an agent of the Government and have become responsible for meeting the demands of rapidly increasing populations with limited means of self-support. Because of the disorder in local government finance, it is difficult to estimate their revenues and expenditures. The Comptroller's studies indicate that their expenditures have risen from about IL.40 million in 1950-51 to more than IL.100 million in 1955-56, with the twenty municipalities accounting for about 80 per cent of the total. About 25 to 30 per

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cent of all local expenditures are financed by Government grants and loans.

Major activities of local authorities may be grouped into four categories: administration, local services, State services, and local enterprises. Administration includes the mayors and local councils, tax administration, and other general activities. Local services are those managed wholly by the local authority without specific guidance from the Government. They include sanitation facilities, planning and construction activities, maintenance of public buildings, parks, and roads; and, in rural areas, agricultural services.

State Services are those functions that are financed partly by Government grants and administered in its behalf. They include programs in education, social welfare, health, and religious affairs. Local public enterprises, the fourth category, includes water works, maintenance of public markets, municipal housing schemes, and other similar undertakings.

Like the Government, local authorities have both ordinary and development budgets. Their ordinary budgets finance activities in the four categories already outlined. Under their development budgets, financed primarily by loans from the Government development budget, there are two types of activities. First, about 80 per cent of all development funds are used to provide jobs on local public works projects to relieve unemployment. Second, the balance of funds is used for building sanitation facilities, laying out roads, parks, housing projects, and building sidewalks. About 80 per cent of all local expenditure finances ordinary activities and 20 per cent is used for development projects and unemployment relief.

The importance of various local activities can be determined best in terms of their relative share in the expenditures of local authorities. As Table 30 indicates, development expenditures are proportionally higher in local and regional councils since they operate in areas most affected by new immigration. Slightly more than one fourth of all local expenditures are devoted to education. Sanitation and water supply take another 15 per cent; social welfare and health about 10 per cent; administration, 8 per cent; and debt servicing, 5 per cent.

About 10,500 persons are employed by the local authorities, excluding teachers and school workers. In addition about 12-15,000

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TABLE 30

Percentage Distribution of Expenditures of Local Authorities, by Activity, 1954-1955

<i>Activity</i>	<i>Municipalities</i>	<i>Local Councils</i>	<i>Regional Councils</i>	<i>Total</i>
ORDINARY EXPENDITURES	83.4	76.0	57.0	79.8
Administration	7.9	10.4	6.5	8.1
Local Services	20.2	13.6	11.5	18.3
1. Sanitation				8.6
2. Planning and Construction				1.9
3. Public Security				1.6
4. Maintenance of Property				5.8
5. Agricultural Services				0.4
State Services	40.4	39.2	23.0	38.5
1. Education and Culture				27.2
2. Social Welfare				5.9
3. Health				4.4
4. Religious Affairs				1.1
Public Enterprise	8.3	8.3	2.8	7.8
1. Water Works				6.8
2. Markets				0.1
3. Housing Projects				0.4
4. Other				0.5
Repayment of Loans	4.8	3.8	12.2	5.3
Miscellaneous	1.8	1.3	1.0	1.7
DEVELOPMENT EXPENDITURES	16.6	24.0	43.0	20.2
Public Works	14.0	19.0	37.6	17.0
Development of Enterprises	2.6	5.0	5.4	3.2
Grand Total	100.0	100.0	100.0	100.0
Total Amount, Millions IL.	76.9	16.7	9.3	102.9

Source: Compiled from data of State Comptroller of Israel, *Annual Report No. 6* (Jerusalem, December 1955, English translation), pp. 256-291. Expenditures of a handful of local and regional councils are not included because they were unavailable.

teachers are employed, most of them full-time during the school year. Nearly two thirds of local employees work in the three main cities, Tel Aviv, Haifa, and Jerusalem; and 85 per cent are employed by the twenty municipalities. Regional councils employ an average of less than ten persons each; medium-sized local councils have an average staff of eleven; and the nine largest local councils employ sixty-six on the average.

In relation to population, there are twice as many employees in the municipalities than in the local councils and from four to five times more than in the regional councils. These differentials in

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turn reflect differences in levels of service and the conditions under which certain services are supplied. For example, museums in Tel Aviv and Haifa are maintained municipally, while the Government maintains museums in Jerusalem. In Tel Aviv, which has a higher ratio of employees to population than Haifa, the municipality supplies water to industry, but in Haifa the municipality supplies only part of the water requirements of the city. Some of these differences stem from the Mandatory policy of treating each municipality as a distinct entity and others result from historical accident. Together they make it difficult to establish standards of acceptable performance in relation to expenditures and population needs.

Administration in local authorities has been woefully inadequate. As pawns of party politics, they have been havens for inexperienced employees whose only qualification is party loyalty. The number of skilled persons available for jobs has been negligible, and the Ministry of the Interior for many years made only a few gestures

TABLE 31

Number of Employees in Local Authorities, April 1, 1955

<i>Type of Authority</i>	<i>Population December 31, 1954</i>	<i>Employees (excluding teachers)</i>	<i>Average per 1,000 Residents</i>
20 Municipalities	1,054,518	8,850	8.4
3 large cities	656,000	6,685	10.5
9 medium cities	277,948	1,640	6.0
6 new cities	93,700	475	5.0
2 Arab cities	26,870	50	1.9
75 Local Councils	335,581	1,235	3.7
9 large councils	122,700	576	4.6
56 medium councils	184,655	616	3.3
10 Arab councils	28,226	43	1.5
44 Regional Councils	192,107	350	1.8
Grand Total	1,582,206	10,435	6.6

Source: State Comptroller of Israel, *Annual Report No. 6* (Jerusalem: December 1955, English translation), p. 250.

toward developing practical training programs for local authorities. Weakness in staffing has been accompanied by the Ministry's failure to develop standards of administrative performance for their guidance. Since the understaffed district representatives were over-

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whelmed with tasks, the local authorities were left undisturbed in the midst of administrative chaos. Tax payments have been customarily in arrears. Long delays by the Ministry in processing matters referred for its approval have resulted in further deterioration in local administration.

The typical local authority vests powers of administration directly in a council headed by a mayor. Almost all important as well as most unimportant matters are referred to the council for decision. It in turn frequently operates through committees which recommend action. Since a council is rarely willing to vote on a committee's recommendations without prolonged discussion that reviews the arguments pro and con, the use of committees has slowed administration and has embroiled councils in routine administrative matters. The cities usually have appointed town clerks who are responsible for supervising some housekeeping and other municipal services but lack comprehensive authority to direct other administrative activities. As a result, neither the council nor the town clerk provides a semblance of central supervision. Here and there, graft and corruption have been disclosed. Some municipal programs have been overstaffed while other important tasks have been neglected because of insufficient staff.

CENTRAL-LOCAL RELATIONS

The paramount position of the Ministry of the Interior in local administration has been a continuing source of frustration to local authorities. Generally the Ministry has not used its extensive powers to improve the competence of local authorities to govern effectively. Instead it has maintained an intolerable practice of reviewing in detail the decisions of local authorities without offering constructive assistance to raise their standards and improve their operations. The Ministry has more power than it needs to play a constructive role in developing effective institutions of local government. First of all, it controls the establishment and determines the boundaries of local authorities. It controls their by-laws and other regulations and appoints their first councils, subject to practically no limitations whatever. It reviews and approves local budgets, including both proposed expenditures and estimated revenues for ordinary and

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development activities and strictly limits local sources of revenue. It makes extensive grants and allocations to them, often without any fixed formula. Grants are subject to bargaining first between the Ministry of the Interior and the Ministry of Finance over the total amount and then between the Ministry and the local authorities over the allocations. It approves all contracts of local authorities even though they are made in accordance with a budget previously approved by the Ministry. It has extensive powers of town planning, including the establishment of areas of natural preserves, setting land aside for agricultural development, and encouraging the dispersal of population along predetermined lines by giving priority aid, such as public works to relieve unemployment, to communities in underdeveloped sections of the country.

The extraordinary controls exercised by the Ministry have been self-defeating. It was not able to grasp the opportunity to guide rather than police local authorities that were unqualified because of inexperience, partisan political meddling, and financial weakness to govern competently. The Ministry's failures deepened the contemptuous attitude of local authorities toward the law. At the end of 1955 it was reported that local authorities engage widely in activities in violation of the law, and the Ministry has been powerless to prohibit them. For example,

in many of the local authorities, taxes, fees, and charges are collected at rates different from those approved in the by-laws, or have not yet been approved in by-laws; expenditure is incurred without appropriate budgetary approval; public works are executed without calling for tenders.⁵

The Ministry has promulgated detailed regulations governing the preparation of budgets and the maintenance of accounts, but it has enforced them only nominally. Its requirement that local authorities submit their budget and tax proposals to it not later than March 15, about two weeks before the beginning of the next fiscal year, is normally ignored. The Ministry's review of local budgets usually occurs long after the fiscal year has begun and destroys the possibility of advance planning by local governments and the Minis-

⁵ State Comptroller of Israel, *Annual Report No. 6* (Jerusalem: December 1955, English translation), p. 247.

try. In 1954 development funds for local authorities were centralized in the Ministry, but local development budgets have remained chaotic because local officials rarely knew until almost the end of the fiscal year what development funds would actually be available for expenditure during the year. Frequently allocations to cover approved expenditures are never received because of shortage of funds nationally or the necessity to divert funds to other priority projects.

The Ministry has not been unaware of local financial problems. It has created the post of financial adviser to the district representative to enable him to give some financial assistance to local authorities in his district. In addition a clearing account system has been established to handle transfers of funds between the Government and local authorities, but it has not been maintained properly. A Municipal Auditor has been appointed in the Ministry to disallow illegal spending, but few such actions have been taken. Some improvements have come slowly, but the financial and accounting relationships are still very unsatisfactory. Central control has been weak, and there has been no central guidance.

The most important functions of local authorities are those financed partly by Government grants, which cover 40 to 50 per cent of the total cost of grant-aided services. In 1954-55, one fourth of all local ordinary expenditures were financed by direct grants for specific functions and general administration. Nearly 70 per cent of all grants were devoted to elementary education. Since 1953 the Government has paid the net salaries of elementary school teachers in return for the elimination of a $7\frac{1}{2}$ per cent surcharge in the income tax hitherto reserved for local authorities. About 12 per cent of the functional grants have been allocated by the Ministry of Social Welfare to cover from 20 to 90 per cent of local expenditures for family service, maintenance of children in institutions, preventive welfare measures, and aid to immigrant camps. About 3 per cent of the grants have been allocated for health purposes, including aid to hospitals, clinics, and child welfare stations. Payments to hospitals equal approximately IL.500 per hospital bed. In a few authorities, a very small sum is allocated to pay one third to one half of the expenditures of religious councils, after deduction of revenues.

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About 15 per cent of Government grants are allocated for general administrative purposes. The amount is determined separately for each local authority and therefore varies greatly from one authority to another. In addition to a general allotment, the grant includes revenues from two taxes. The Ministry of Communications collects motor vehicle license fees, and returns 50 per cent of the revenue to the local authorities. Twenty-five per cent of the revenue is included in the general grant and another 25 per cent is allocated to the authorities where the fees were collected. Local authorities also collect an entertainment tax for the Government which is distributed to the authorities on the same principle as revenues from motor vehicle licenses.

In addition the Government makes loans to local authorities which finance half or more of all their development expenditures. Most of the balance of development expenditures comes from assessments on property owners for improvements to their property and from bank loans. The Government's support of local development work raises its financial commitment from 25 to nearly 30 per cent of total local expenditures. These loans have lagged badly behind schedule. Delays in central approval of construction contracts have been a continuing source of annoyance and dissatisfaction to local authorities.

Since 1952-53, the Government has paid some taxes on its property located in local authorities at rates lower than the prevailing ones. Most of the property consists of housing units built for immigrants in new or underdeveloped local authorities. The tax payments are designed to give additional revenue to authorities most affected by immigrant absorption. Since 1954 the Government has also paid property taxes in Jerusalem, the capital city, and in immigrant villages administered directly by the Ministry of the Interior. These rules also apply to the Development Authority, which owns abandoned German property, and Amidar, the Government's housing corporation.

FINANCING LOCAL AUTHORITIES

About 85 per cent of local revenues are derived from taxes, income from local and State services, earnings of public enterprises, and grants and loans from the Government.

FINANCING LOCAL AUTHORITIES

TABLE 32

Sources of Revenue of Local Authorities, 1954-1955, Percentage Distribution

	<i>Per Cent of Ordinary Revenue</i>	<i>Per Cent of Development Revenue</i>	<i>Per Cent of Total Revenue</i>
ORDINARY BUDGET			
Taxes, fees and duties	44.5		36.3
Revenues from local and State services	10.8		8.9
Revenues from public enterprises	11.3		9.2
Government grants	24.5		20.1
Miscellaneous	8.9		7.3
DEVELOPMENT BUDGET			
Loans (mostly Government)		59.8	10.9
Payments by property owners		32.5	5.9
Miscellaneous		7.7	1.4
Total	100.0	100.0	100.0

Source: State Comptroller of Israel, *Annual Report No. 6* (Jerusalem: December 1955, English translation), pp. 271-272.

Three main taxes are levied by local authorities. The tax yielding the largest revenue is the general rate levied on all residents on the basis of the number of rooms or the number of square meters in their residences. The tax rate varies, depending on location and quality of the housing. A few regional councils levy a poll tax in its place. The second tax is the property rate paid by owners, and the third is a business tax, which is significant especially in the larger cities. Fees and other charges are collected for retail liquor licenses, bicycle licenses, dog licenses, entertainment, and various certificates and endorsements. Almost all revenue derived from public enterprises comes from water fees, although small additional amounts are earned from housing projects, public beaches, agricultural projects, and public bakeries. Revenues from services include hospital and kindergarten fees, levies collected from guest houses for welfare purposes, and contributions by relatives for assistance to the needy.

Local tax administration is not satisfactory but has been improving. Taxes and water rates, which are generally handled at the same time, are collected in three ways. About half of the revenues are paid directly to cashiers in local authorities. A little more than a third is collected by private tax collectors hired by local authori-

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ties, and about one tenth is collected by banks and other offices serving as collection agents.⁶ Collections vary greatly from one authority to another, depending on the density of the population, economic level, and local habits of citizenship. There is no uniform standard to judge efficiency in collection. In 1954-55, about 300 collectors were each paid an average of IL.2,600 for their services. The average collector issued 17 receipts per day, but the number ranged from 10 per day in Beersheba to 16-18 in the three major cities to 30 in Kfar Saba. Similar disparities marked the cost of tax collection. In relation to revenues, average expenditures for tax collection amounted to 6.4 per cent of collections throughout the country, but they ranged from 4.5 per cent in Haifa to 8.4 per cent in Tel Aviv to 9.8 per cent in Tiberias.⁷

Under present conditions there is no prospect that local authorities will become self-financing in the near future. Moreover, difficult obstacles will have to be overcome before local government will become more economical. Since about two thirds of all local expenditures are for salaries and wages, it will not be possible to effect significant savings in costs until reductions in personnel can be made. Given the near-impossibility of dismissing incompetent workers, personnel costs invariably reflect considerable inefficiency and waste. From a theoretical point of view, savings could be realized by consolidating small contiguous local authorities into larger units which would be better able to find and employ personnel with some experience. By associating new immigrant settlements with older local authorities, some of the gross inefficiencies of new authorities might be avoided. However, consolidation of local authorities into larger units requires persuasive leadership from the Ministry of the Interior, in whom the local authorities have little confidence.

SELF-GOVERNMENT IN ARAB COMMUNITIES

In 1957, the Arab population of Israel exceeded 200,000. It included approximately 138,000 Moslem Arabs, 45,000 Christian Arabs, and 20,000 Druses. Half or more of the Arabs live in the Galilee region in the northern section of the country, and about 22,000 belong to Bedouin tribes who dwell most of the time in the

⁶ *Ibid.*, pp. 251-252.

⁷ *Ibid.*, pp. 252-253.

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southern desert near Beersheba. The Druses occupy eighteen villages in Galilee and on Mt. Carmel. Excluding the nomadic Bedouins, about 70 per cent of all Arabs and Druses live in some one hundred rural villages, and nearly 30 per cent reside in two all-Arab municipalities (Nazareth and Shefar'am) and in six municipalities with mixed Arab-Jewish populations (Jerusalem, Tel Aviv-Jaffa, Haifa, Acre, Ramle, and Lydda).

In addition to the two Arab cities, whose population approached 30,000 in 1957, there are thirteen Arab local councils, some of which are not functioning. Together with Arab residents of mixed cities, more than 40 per cent of the Arab and Druse minority in Israel enjoy some measure of local self-government.

The promotion of local self-government among the Arab population has challenged the Ministry of the Interior since the establishment of the State. The Ministry had to contend not only with certain general conditions that obstruct integration of the Arab minority, but it also has faced many difficulties arising from the special circumstances of Arab communal life. The Arabs who had remained in the country during the war in Palestine in 1948 have suffered from complete dislocation of their social and economic life. Their villages were badly damaged during the fighting; agricultural implements and livestock had been destroyed; their old markets had disappeared; and their relationship to the urban communities of the country had been transformed. Since most of the landowners, wealthier peasants, and Moslem ecclesiastical personnel had fled, few Arab leaders remained to provide guidance and direction. Arab town dwellers were hit particularly hard. Villagers who stayed on their land might start farming again, but the urban Arabs had lost their businesses, their jobs, their tenants, and their clientele.

The fabric of Arab society was likewise shattered. Old political parties, newspapers, and social clubs vanished. Arabs had to face the profound psychological and moral shock of finding themselves defeated and reduced to the position of a minority. They deeply resented the leaders who had misled them during the war and became embittered and disillusioned. Most of them regarded the new State with open hostility.

The maintenance of unqualified enmity toward Israel by the Arab states worsened the dilemma of Israel's Arab minority. Incessant

attacks along the Arab-Israel borders and successful operation of an economic boycott of Israel by the Arab countries encouraged Israeli leaders to give considerations of security the highest priority in the Government's approach to the Arab minority. The Government imposed security restrictions in the frontier areas and restricted the physical movement of Arabs as long as Arab infiltration across the border into Israel ruled out any lessening of tension.

The development of Arab communal government was also obstructed by social and administrative traditions and practices. Under the Mandate, the Arabs had relied heavily upon the central government for local services. Primary education and elemental health services were free; property taxes were low; and the income tax was unknown. The democratic conception that a community organize, operate, and finance its own services within the limits of its fiscal resources is still unaccepted among the Arab rural population of Israel. The continuation of old feuds and clashes between Arab families and factions created special difficulties for the rational development of Arab self-government. In the absence of its former leaders, the Arab population was characteristically disorganized.

Local authorities in Israel suffer generally from poor administration and financial weakness, but the Arab municipalities and local councils are in worse condition. The establishment of local councils has been resisted by rural Arabs in order to avoid new and relatively high taxes imposed for purposes which they may not understand or support. Where local councils have been established, income from local taxes and services is usually very low, the number of public employees is proportionally much lower than it is in the country generally, and local contributions toward financing development projects are small and undependable. As a result, the scope of local governmental functions is very limited, and a major share of the expenditure involved is covered by Government loans and grants-in-aid.

Despite manifold difficulties, some progress has been made toward making local government a more useful instrument for integrating the Arab minority. In Nazareth, the major center of Arab population, the municipal budget has been increased substantially and a higher proportion of estimated tax revenues is actually collected. In many local councils, water and sewer systems have been installed,

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electricity has been extended, a telephone network has been established, and local roads have been constructed or widened. In five Arab local authorities which conducted local elections in July 1955, an average of 94 per cent of the eligible voters cast ballots. In the Knesset elections in 1955, approximately 91 per cent of eligible Arab voters cast their votes, compared to 83 per cent of eligible voters who voted in the country as a whole.

Arab populations living in small villages where local councils have not yet been established receive roughly the same services as other Arab villages except that the Government serves them directly. The Ministry of the Interior has failed to undertake imaginative measures to train Arab local officials even though they lack governing experience completely. During 1955-56, the Ministry confined itself mainly to holding two one-day study conferences of members of Arab councils and continued publication of a circular in Arabic containing information for Arab councils.

In the Moslem communities, all matters of personal status and religion are adjudicated by the four Sharia (religious) courts at Nazareth, Acre, Jaffa, and in the central area of the country. Each court is headed by a qadhi (religious judge) whose salary is that of a judge in the civil courts. The jurisdiction of the Sharia Courts extends to matters of personal status such as wills, bequests, and custody of children. They handle about 2,000 cases annually. Legislation now prohibits Moslems from having more than one wife and bans the marriage of girls under seventeen years of age.

The Druse communities of 20,000 people present special problems of local government. Druses are members of a religious sect that dwells chiefly in the Lebanon Mountains of Syria. Unlike the Moslems and Christian Arabs of Palestine, they fought alongside the Jews in the Arab-Israel war in 1948 and in the Sinai campaign in 1956. Many of them serve in the Israeli forces today. Because the Druse communities have lacked the social institutions similar to those existing in Moslem and Christian communities, the Government has attempted many times to help the Druses to organize themselves. Internal disputes, personal feuds, and rivalries among clans, however, have made agreement on issues of spiritual leadership and community authority impossible. In 1955, the two Druses who were elected members of the Knesset, for example, were candidates on

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rival lists rather than on an united Druse list. Community organization leading to self-government is not likely to be effective until basic agreement among major Druse factions is reached.

The prospects for Druse community organization were improved somewhat during 1957, when the long effort of Druse leaders to secure a greater measure of equality of Druse soldiers with other Israelis in military service won a major concession from military commanders. All Druses and other Arabs serving in the defense forces were exempted from restrictions on movements in border areas still under military control. Soldiers, reservists, and disabled veterans of minority communities no longer require special permits to move into and out of such border zones. The exemption affects Druses primarily. Much, however, remains to be done to rehabilitate discharged Druse soldiers. Apparently lack of funds has prevented the Government from fulfilling its decision to build houses for Druse veterans and to extend economic aid to ease the return to civilian life.

JERUSALEM: EMBATTLED CAPITAL

In 1955, a few months before the Knesset elections, the Government dismissed the mayor and council of Jerusalem and appointed a special five-man commission to govern until the election determined the composition of a new city council. The collapse of local government which prompted the Government's drastic step, was not news to the citizens of the capital city. For years, Jerusalem had endured scandalous maladministration despite repeated surveys by public and private bodies which fully documented the ills of the municipality and charted the way toward improvement. From 1952 to 1955, the coalition was dominated by religious parties that ignored the need for civic reform. The council was notoriously inept and a Mizrahi mayor conducted municipal affairs in a perpetual atmosphere of clashing ideologies and party strife that immobilized the council.

Local residents seemed to accept the inevitability of wholesale ineptitude in local government. Tax collections were sadly in arrears, the local treasury was chronically empty, and the efficiency and behavior of municipal employees, who went on strike periodi-

cally not for higher wages but merely to be paid for work already performed, were among the poorest in the country. Sanitary conditions were dreadful. Garbage and sewage frequently overflowed into the streets because of neglected cesspits or lack of collection. Schools were not repaired, and the social welfare department had no funds to care for needy persons in the large immigrant camp in Talpilot within the city boundaries.

The factors underlying the degradation of Jerusalem were well-known. The city lacked industry to provide a solid basis for its economy. Most of its labor force was employed in white collar jobs in Government offices, the Hebrew University, and retail shops. A high percentage of orthodox Jews, some of whom were wedded fanatically to an extremely rigid code of religious observance, were concerned with political affairs only as they impinged upon their religious beliefs. They were unproductive and contributed negligibly to the upbuilding of the city and the absorption of immigrants. Their economic level was low, and their communities were sustained by charity, public welfare, and inflexible faith.

The civil servants, teachers, and intellectuals of Jerusalem were poles apart from the orthodox residents in their approach to civic problems. Many of them were staunchly labor in political orientation or nonparty and independent. In addition to its peculiar socioeconomic makeup, Jerusalem suffers from its unique geographical location away from the mainstream of life in the country. Although it enjoys an excellent climate, its mountain location in the hills of Judea 2,500 feet about sea level, its difficult topography, its exposure to sudden enemy attack, and its distance of 70 kilometres (about 42 miles) from the sea make it unattractive to investors and discourage productive settlers. The chronic shortage and high cost of water and electricity have slowed the pace of its growth. Its lack of a countryside deprives it of a local food supply. Since it was separated from the Old City and its holy places, tourism has declined as an important source of revenue. Today Jerusalem has probably the highest proportion of unsuitable housing and slum areas in the country. Compared with Tel Aviv and Haifa, it is desperately short of gardens and parks, and its residents have become accustomed to filthy streets, bad government, beggars, and irresponsible interference by religious fanatics in the daily life of

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the community. Shameful conditions have been endured by teachers and children in schools without books, light, or toilets.⁸

Apart from the ousted coalition, no resident of Jerusalem mourned the departure of the city council in March 1955. *The Jerusalem Post* found little room for rejoicing because the council had been found unfit to govern.

During the past year, the Council suffered from a form of political trafficking that might have undermined a much sounder and more stable body than this group ever was. By this method of bargaining parties supported each other's proposals, however undesirable these might have been, for the sake of some agreement sought in Petah Tikva or Natanya. Among the signs of the resulting paralysis was the failure to collect Municipal rates . . . and a sweeping disregard of building regulations that has disfigured parts of the city and endangered public health, particularly that of school children.⁹

The dissolution of the Jerusalem Council was authorized by section 61 of the Municipalities Ordinance, which reads in part:

When a council, which, in the opinion of the Minister of the Interior, after he has warned it, has ceased to fulfil the duties which have been imposed upon it, or which is functioning in such a manner as to negate its ability to fulfil those duties in whole or in part, the Minister may form a special commission to fulfil the duties of the council.

The decision was taken by the cabinet on the recommendation of a ministerial committee headed by Prime Minister Sharett. A commission was authorized to govern until the July elections. After two months, it reported an unprecedented rush of citizens to pay their taxes in response to a grant of amnesty to those who were in arrears. Licenses for street hawkers were frozen; water reservoirs were increased; street sweepers were provided with wheeled carts; building inspection was invigorated; a few essential street repairs went forward; and work resumed on the completion of schools.

⁸ See the Interim Emergency Report of the Commission headed by Justice Cheshin to survey municipal government in Jerusalem, April 1953. Excerpts in English were published in *The Jerusalem Post*, March 25, 1955.

⁹ "City Managers for Jerusalem," *The Jerusalem Post*, March 28, 1955.

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But the commission was essentially a caretaker government to be replaced as soon as a new council would be chosen in the coming election.

Although the election was held in July 1955, the new council was not able to select a mayor until a general political settlement among the major national parties was reached. Finally, in the fall of 1955, a new coalition of Mapai and the religious parties, headed by a Mapai mayor, assumed control of the council. The tasks it faced with limited funds were gargantuan:

a city with tumbledown houses, sections of which had not even been properly cleaned since the siege [of 1948]; insufficient and badly equipped schools; an almost complete lack of playgrounds and parks; along with new suburbs without utilities, and a municipal staff not too enthusiastic about their duties—in short, a city with a reputation of being “dull and dirty.”¹⁰

While the new administration has been plagued by compromises to retain the religious parties in the coalition, it made a promising approach toward civic responsibility. The mayor has delegated authority to three deputies, a management committee serves as the executive group within the council, and several committees relieve the full council of lengthy deliberation of many matters. In 1956, for the first time, Jerusalem's budget was passed before the beginning of the fiscal year, and residents were paying their taxes on time. Even though average taxes were raised from IL.21 and IL.26 per person in 1954-55 and 1955-56 respectively to an estimated IL.38 in 1956-57, they were still lower than those paid by residents of Tel Aviv and Haifa.

By the summer of 1956 Jerusalemites were heartened by a discernible change for the better. New schools were being built and old ones repaired; modest parks and playgrounds were being laid out; trees were being planted in vast numbers; the number of unemployed workers had dropped; water distribution had become more efficient; more theater performances were coming from Tel Aviv; and financing had been secured for building houses to replace some of the worst slums. Above all, the city began to feel proud of

¹⁰ Ruth Cale, “His Honor the Mayor of Jerusalem,” *Hadassah Newsletter*, May 1956, p. 5.

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pulling itself up from the depths of mismanagement and ineptness. For the first time in years it had some confidence in its council and mayor. When a dispute in September 1956 over religious observance led to the resignation of the religious parties from the municipal coalition, Mapai was able to forge a new coalition to continue the program of civic improvement.

The record of the Jerusalem municipality is instructive if only because it indicates that a city need not be condemned to permanent misrule. However, the crucial step that set civic reform in motion was taken not by the residents of the city but by the Government. The record suggests that at the prevailing stage of local self-government in Israel, the Government must play the constructive role of the colonial power striving to prepare its colonies to govern themselves. Instead of thrusting the burdens of governance suddenly on inexperienced, third-rate politicians, who become confused and angered by the nominal control of the Ministry of the Interior, the Government should provide enlightened and practical guidance supported by imaginative programs to train local officials and establish acceptable standards of administrative performance.

AN AGENDA OF CIVIC REFORM

The defects of local government in Israel are obvious. Local councils often meet irregularly, their minutes are not properly prepared, and their sessions frequently degenerate into partisan harangues that excite passions but solve no problems. Most council members have no training or experience relevant to local administration. Their staffs are swollen with incompetents, and they lack proper supervision both from the council and administrative heads. A weak financial structure rules out the possibility of budget planning. The confused legal status of local authorities and the petty controls exercised over them by the Ministry of the Interior create an indifference to and contempt for the law. Public enterprises are badly run, stores and supplies are wasted, accounts are rarely in order, tax inequities abound, and motor vehicles are not maintained properly. Loans are used for unauthorized purposes. Some local officials are corrupt. Citizen interest and participation in local affairs are low. Israel's unique achievement in local government is the

prevailing belief that there is such a thing as a Mapai way to clean streets and collect garbage which differs from the methods preferred by General Zionists or the religious parties.

This state of affairs is so unsatisfactory that it is not likely to be remedied by gradual, piecemeal measures. Basic reform is essential even though all the steps needed to raise the standard of local government to acceptable levels cannot be taken at once. Fundamentally an agenda for civic reform rests upon five propositions.

It is much too easy to blame the evils of local government on party politics. In particular, the lack of citizen interest cannot be blamed entirely on the electoral system. Undoubtedly citizens of good-will have been disheartened by apparently hopeless maladministration, but very few public-spirited citizens have participated in local government. Organizations of local residents can improve the tone of local politics by showing that an effective capacity to clean streets, build and maintain parks and schools, promote sanitation, and provide water is sound politics as well as acceptable public administration. The experience of Haifa, whose energetic mayor has kept the streets clean and dotted the city with gardens and parks, offers ample evidence that effective administrative performance strengthens party position. Citizen organizations that stimulate interest and participation in local affairs and focus attention on local officials can do far more to improve local government than a change in the system of electing local officials will accomplish.

A new approach by the Ministry of the Interior toward central-local relations is imperative to stem the tide of poor administration in local authorities. Thus far the Ministry's reliance upon clearance and approval of all decisions of local authorities concerning budgets, taxes, contracts, tenders, changes in by-laws, and other matters has destroyed the confidence of local authorities in Government officials. The Ministry in turn is aware of the deficiencies of local authorities and lacks confidence in their ability to operate satisfactorily without central supervision, but it has failed to develop a constructive approach toward local government. What is needed is not paper review of financial and other administrative matters by Ministry officials but a stronger district representative system that actively and sympathetically guides local officials to give them essential training in local government. For a few years the Ministry

should exercise its power to dissolve a council when it falls below a certain standard of performance and conduct. While such action should, under normal circumstances, be taken only rarely, during the formative years of local government the Ministry must play a more forceful role.

But the Ministry can hardly lead local authorities toward better administration unless it knows what satisfactory performance is and what are its requisites. Only in the light of this knowledge will it be able to devise useful programs to train the woefully inexperienced council members and local administrators. Instead of merely approving or disapproving local action, it must show officials on the spot how to keep accounts, prepare budgets, operate water works, build cesspits and maintain schools. Exhortation, criticism, and threats are neither suitable nor adequate.

A sounder approach of the Ministry to problems of local government will not be helpful unless the local authorities themselves are willing to take some steps to help themselves. To be receptive to central guidance, councils must be willing to deal principally with matters of policy and leave the day-to-day direction of the staffs mainly to an administrative officer. While the city manager system seems wholly inappropriate in the politically charged environment in Israel, some centralized supervision of local administration must be provided in behalf of a council. An officer who serves in much the same capacity as a director general in a ministry would be able to provide better management of local services and assist a mayor and council in matters of finance, budget, personnel, and general administration. During the early formative years, the administrative officer would also serve as a principal point of contact with the district representative and Ministry officials. An effective administrator would help to focus the attention of council members on crucial local issues that cannot be solved by mere reference to the policies of national parties.

Disrespect for law, which now characterizes the attitude of most local officials, cannot be overcome without achieving much greater clarity in defining the legal status of local authorities and their precise relationship to the Ministry of the Interior. Mandatory ordinances should be radically overhauled by the Knesset. Councils in larger cities should be granted more autonomy, and a form of

government should be devised which is more appropriate to areas whose population is very small and which lack elementary experience of self-government. Where possible, the number of local authorities should be reduced and the boundaries of existing areas enlarged. While consolidation of existing authorities is always difficult because of local loyalties and vested interests, the financial dependence of local authorities on the Government supports their consolidation as a way to reduce waste and promote their financial stability and independence. Only through some form of consolidation can the challenge of the metropolitan problem be met successfully.

Weaknesses in the financial structure of local authorities must be surmounted. The rating powers of local authorities need substantial revision, and inequities in tax burdens among the various types of settlements should be reduced, if not eliminated. More reasonable formulas must be framed to guide the allocation of Government grants to finance State services. Unless local finances can be strengthened, it is doubtful whether any progress can be achieved in budgeting or whether improvements in budgeting will be helpful in stimulating better administration.

Barring revolution, radical government changes never come readily. What are the prospects for civic reform in Israel today? They are not good, but a few signs point the way toward some improvement. The abrupt turn for the better in Jerusalem, albeit on the initiative of the Government, suggests that local administration can become sufficiently bad to justify drastic reform supported by local residents. Although the Government has not accepted the Comptroller's suggestion of a public commission to inquire into the basic requisites of reform in local authorities, the Minister of the Interior appointed a Local Government Advisory Council in 1956 to advise him on municipal affairs. Special committees have been established by this Council, and the Minister has referred certain reform proposals to them.

The Supreme Court, sitting as the High Court of Justice, has been highly critical of arbitrary, illegal action by local officials and has helped reestablish some respect for the law that had been damaged by the tendency of lower courts to deal leniently with offenders. Finally, the Ministry has demonstrated a growing aware-

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ness of the training problem. In 1956, it organized a department to help local authorities work out techniques of efficient management and expanded its limited training facilities. While these actions and tendencies are helpful, they are not likely to generate a program of immediate civic reform capable of meeting the crisis in local government.

Chapter 13 Welfare State in Action

One of the most important features of Israel politics is the wide gap between the goal of a high standard of welfare for all and the limited resources available to finance welfare services. In education and health services, the nation's major problem has been to find ways of extending services previously organized by Jewish self-government and voluntary organizations under the Mandate to a vastly increased population with much lower standards and highly diversified cultures. In the field of social security, a new system of social insurance has been installed. And in other welfare areas, such as public housing, social service, and unemployment relief, the State hoped to make a rapid transition from the limited services of the pre-State period to the fully matured services of a modern welfare state.

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Immigrants to Palestine before 1940 had high intellectual standards and had always accorded education a high place in community life. From the beginning, schools organized by the Jewish community were grouped into four networks or "trends" by the political parties: General (by the General Zionists or non-party groups), Labor (by the various labor parties), Mizrachi, and Agudat Israel. Eighty per cent of the curricula was the same in all trends. Only the General trend schools were essentially nonpartisan in their approach. The others sought to indoctrinate children in the precepts of the parties that controlled them. The trend schools operated with almost complete autonomy in finance, administration, and educational supervision. Each trend appointed its own school inspectors to supervise its own schools.

In the Palestinian environment, the trend schools were not without their virtues. Higher standards of educational achievement in the early years of the Mandate were undoubtedly stimulated by competition among the trends, and school building was encouraged. The trends at least offered alternative political doctrines to parents. In any case, a partisan system seemed to be a logical outgrowth of ideological development and agricultural settlement. Nevertheless,

the system was basically defective. It involved much duplication and waste of scarce resources. Occasionally two or more schools were built in small villages when one would have served the children adequately. Partisan influences were potent in the appointment and dismissal of teachers. The trend system fragmentized the educational system and intensified political controversy within the Jewish community.

When the State was established, it inherited the foundation of a modern educational system serving approximately 100,000 pupils. For sixteen months no change was made in the school system. Then on September 12, 1949, the Knesset passed the Compulsory Education Law which established the principle of universal, free, compulsory education for all children from the ages of five through thirteen and required youths between the ages of fourteen and seventeen either to complete elementary school or to continue their schooling until they reached the age of seventeen. The Act was administered by the Ministry of Education and Culture, which established some standards of performance and shared the cost of public education with local authorities. In the period from 1949 to 1953 when the Act was in force, local authorities paid 40 to 80 per cent of total costs as determined by the Ministry, although the Ministry usually bore the full cost in immigrant settlements.

The Compulsory Education Law gave statutory recognition to the four trends without disturbing their autonomy of operation. The Ministry laid down certain rules and regulations concerning teachers and nominally appointed and dismissed them. But in fact each trend selected its own teachers and organized its schools as it saw fit. Thousands of new immigrants, who were unfamiliar with Zionist history and political tradition, were bewildered by the trends and party competition for the enrollment of immigrant children. To many of them the idea of education itself was revolutionary. The parties were reluctant to recognize that extension of trend schools to immigrant children undermined national unity and delayed their cultural assimilation. In most cases immigrants needed to be taught the necessity for education and how to think rather than what to think.

A growing awareness of the anachronistic character of the trend schools motivated a drive toward a unified educational system free

from partisan indoctrination. After five years of bitter discussion, the unified education bill promised by the December 1952 coalition was presented. After fifteen readings, innumerable amendments, and fierce debate, the Knesset passed the State Education Law on August 12, 1953, which abolished the thirty-three-year old trend system. It established a unified educational system from kindergarten through eight grades of elementary school under the supervision of the Ministry of Education and Culture. The bill had been fought by Mapam and the religious parties out of fear that loss of their trends would undermine their political strength.

Under the Act, the General, Labor, and Mizrachi trend schools were abolished, but the Agudat Israel trend continues independently in one of two forms. Agudat Israel schools that agree to incorporate 75 per cent of the standard school curricula receive a two-thirds subsidy from the Ministry, but are not subject to central inspection. Others may remain independent and receive no government subsidy. Both types of Aguda schools serve only about 4 per cent of the elementary school population. Other private schools are eligible for government assistance provided their curricula are supervised by the Ministry.

The significance of the Education Act was almost monumental. A permanent break had been made between the political parties and the education of children. In the honored area of public education, nationhood took precedence over party. Of lesser importance were the savings that were made at the outset in schools and teachers. About 700 teachers and 100 classrooms were released, mostly in small villages where two adjacent trend schools were no longer needed. When the unified scheme went into operation in October 1953, immigration had already doubled the population of the country and tripled the number of school children.

The transition from trend to unified education was not smooth. Less than two months after the law passed, schools opened under the joint supervision of the Ministry and local authorities. Uncertainty about the legislative fate of the bill had left the Ministry in doubt to the last moment about the precise form the bill would take. In addition, the lack of experience in operating public schools did not enable its officials to anticipate the problems involved in the change-over. Insufficient administrative planning was accompanied

by poor financial analysis and an extreme shortage of funds. When the Ministry was forced to order reductions in the educational programs by cutting school hours for pupils and increasing teaching loads, parents felt cheated by a system that was supposed to raise, not lower, standards. However, standards were destined to fall before they would rise.

The unfamiliarity of its new responsibilities led the Ministry to overcentralize school administration. Teacher morale was sapped by the Ministry's habit of taking action without consulting or informing teachers. The Ministry in turn was oppressed by an avalanche of demands from teachers to be shifted to other posts, which had to be coordinated with changes necessitated by shifts in population. Eventually the confusion subsided, and relative calm has characterized elementary education since 1955.

The structure of the public educational system is complex in accordance with the varied educational needs of the community. At the bottom of the school age ladder are the kindergartens for children three through five years old. From 70 to 90 per cent of all children in this age group attend kindergartens. Because of lack of funds, parents now pay in accordance with their financial ability and the resources of local authorities. These schools teach the elements of Hebrew language, introduce Jewish customs, and devote special attention to nature study. Some are all-day schools for the convenience of working mothers.

In the eight grades of elementary schools, attendance is compulsory from ages six through thirteen. Attendance ratios are high and equal those achieved in highly developed countries. The curriculum includes study of the Bible, Jewish literature of the Talmudic, medieval, and modern periods, English language and literature, and conventional subjects, with some emphasis on nature study and geography. The project system is widely used. Children are encouraged to join youth movements and to learn the essentials of farming through gardening and related activities. In 1956-57, more than 350,000 children attended kindergarten and elementary schools, about 8 per cent of whom were Arab children attending either Arab schools using the Arabic language or Christian mission schools.

The four-year program of the secondary or high schools is comparable to the curricula of European *gymnasias*. School authorities

believe that the Israeli secondary school is more advanced than the American high school but probably has not yet reached the standard of the high schools of France, Holland, or Switzerland. High schools are either general schools, trade schools combining vocational training and conventional secondary education, or agricultural schools providing specialized training in farming along with other subjects. Unlike elementary school pupils, students at secondary schools must pay tuition. The high level of tuition fees has been the most potent factor in keeping enrollments extremely low. In March 1957 the average annual tuition fees were \$224 in private schools and \$140 in the municipal schools. Moreover, many parents prefer to have their children supplement the family income by going to work. Generally less than 20 per cent of all children continue in school after age fourteen. As long as annual tuition fees equal or exceed average monthly earnings of a worker, youngsters will be kept out of school. In 1956, about 3,000 students graduated from general high schools and about 7,500 entered. Total enrollment in secondary schools in 1956-57 was 26,000 (not including 11,000 in trade and agricultural schools). About 1 among 600 Israelis graduates from high school compared to about 1 in 90 in the United States.

Special classes are arranged for young workers aged fourteen to seventeen who have not completed elementary school. These schools have four basic grades comparable to the last four elementary grades. In 1956-57, 21,000 youths were enrolled in these schools. In addition, a number of special schools for various types of handicapped children have been established, but they have not progressed very far. They were instituted during the Mandate for the care of the mentally and physically handicapped and were taken over by the Ministry of Education and Culture in 1950. In 1957 only 60 per cent of 92,000 boys and girls between fourteen and eighteen received some form of post-elementary training. Of the 30,000 who did not attend classes, about 70 per cent are from the immigrant sector.

Under the Mandate, the high intellectual standards of the early immigrants assured a surplus of qualified teachers. After 1949, however, a serious shortage of qualified teachers developed. To cope with the problem, teachers' seminaries have been established to train teachers for elementary and secondary schools. In addition,

the Hebrew University established a School of Education in 1952 in which students may, after completing a three-year course, obtain a bachelor's degree similar to an American A.B. degree which qualifies them to teach in elementary schools. The M.A. degree, awarded after a five-year course, certifies a graduate for secondary school teaching. The seminaries have been able to meet only one fourth of the demand for new teachers.

Arab children have responded immediately to elementary education. Under the Mandate, Arab schooling was provided by Mandatory and mission schools, but illiteracy was high, especially among girls. When the 1949 education act was passed, about 7,500 Arab children were in school. By 1956 the number had increased to 26,000. Up to three fourths of all Arab children of school age attend school despite the novelty to their parents of kindergartens and coeducational schools, but the proportion of girls has remained comparatively low. Arab elementary schools have the customary eight grades, and the language of instruction is Arabic. Hebrew is taught four or five hours a week beginning in the fourth grade, and English is taught usually from the fifth or sixth grade. A seminary for male Arab teachers was finally opened after a number of unsuccessful attempts; there were not enough candidates.

Capping the educational structure are three major institutions of higher learning and several smaller schools at the college level attended by approximately 7,000 students. The Hebrew University in Jerusalem is the only full-fledged university offering instruction from undergraduate training in the liberal arts to professional graduate programs in law and medicine. During the Arab-Israel war, the University was forced to abandon its campus on Mount Scopus. It was then located in makeshift facilities in Jerusalem until construction of new buildings began in 1954 on a new campus site in the city. Between 1948 and 1957, its student enrollment increased from 870 to 4,000, and its faculty from 190 to about 600.

The Institute of Technology (Technion) in Haifa is the only engineering college in the country. It has trained about half of the engineers in Israel. About 1,400 day and 300 evening students study engineering, architecture, and sciences, and over 100 graduate students take advanced work. The faculty reached 369 by 1956. As the

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Technion has outgrown its campus in the center of Haifa, a new campus has been started on Mount Carmel.

The Weizmann Institute of Science in Rehovot is a post-graduate institution for basic and applied scientific research. In 1956 the Institute had a staff of about 130 scientists from 15 countries, including some visiting from abroad. Its standards compare favorably with those of advanced western countries. In 1957, it began to accept graduate students for periods of study.

In addition to these three leading institutions, other schools have emerged. Bar-Ilan University at Bnei Brak near Tel Aviv is a new undergraduate college organized along American lines which aims to synthesize Judaism and modern science in its curriculum. It is sponsored and financed by the Mizrahi movement. Its faculty and students are expected to be religious. In 1954-55, its first year, 88 freshman students were taught by a faculty of 24; in 1955, there were 132 students in regular day-time classes. Tel Aviv, which has longed for a university, has not been able to support a fully developed one, but for many years an evening School of Law and Economics has offered university level work in law, political science, administration, economics, accounting, and journalism. Costs are borne by the Municipality supplemented by tuition fees. In 1955-56, the School had 1,066 students and 106 lecturers. More recently the High School of Humanities in Haifa began to offer a three-year course in liberal arts, mainly in the evenings. Lectures are given by professors of the Hebrew University and no formal degrees are granted. In addition a branch of the Tel Aviv School of Law and Economics operates in Haifa. Lastly, the Bezalel School of Arts and Crafts, founded in 1906 in Jerusalem, instructs about 230 day and evening students in the graphic arts. It has trained many of Israel's best-known artists.

Institutions of higher learning are essentially voluntary with no endowment funds or other means of support apart from tuition fees and financial aid from outside sources and the Government. The three major institutions are supported partly by the Government and the Jewish Agency, but funds for capital construction come almost entirely from abroad.

The extension of modern schooling to a vastly increased school

age population leaves many serious problems for the State to solve.¹ An unevenness in elementary education adversely affects children in new immigrant villages and those living in urban slum areas. Schools in new immigrant villages do not yet provide schooling that meets national standards. They have too few children usually to permit proper grading; there are not enough classrooms or textbooks; and trained teachers have been somewhat reluctant to undergo the rigors of pioneer life in an outlying immigrant settlement. Immigrant families from Oriental and North African communities do not always support proper schools, and parents often expect young children to work. They find it difficult to give up the practice of corporal punishment in schools and frequently do not understand why teachers do not solve their discipline problems by striking a child. Female teachers are also strange to them. The children easily learn their fathers' habit of casualness toward time and promptness, and absenteeism is a difficult problem. But these are temporary matters in the Israeli pressure-cooker society. Perhaps more serious is the school situation in the slum sections of the large cities, especially Tel Aviv, where parents may be illiterate. The environment seems to deprive children of educational incentive. Although they probably need vocational training more than the usual academic training, it is feared that a double standard of education which gives predominantly vocational training to certain children and the conventional training to others will divide the community and undermine the goal of educational equality.

The critical shortage of qualified teachers continues. In 1956, the seminaries graduated 764 teachers, of whom only 100 were men. But approximately 1,500 new teachers are needed every year to cope with rapidly increasing enrollments. In order to increase the number of teachers, the Government has reduced tuition fees in teachers seminaries and hopes to abolish fees altogether. In addition, loan funds have been established to help students financially. Nevertheless the number of graduates is still far too low to meet the demand.

Perhaps the dominant educational problem of Israel today is the small number of girls and boys who enter and complete secondary

¹ The most perceptive account in English is by Gerda Luft, in a series of seven articles evaluating the Israel educational system, in *The Jerusalem Post*, August 9, 12, 13, 15, 17, 19, and 20, 1956.

schools. The high schools have become the great bottleneck in the educational system. Unless ways can be found quickly to increase the numbers of students who successfully complete their training, the economic as well as the cultural life of the State will suffer severely. Most high schools are privately run, although a few municipalities have established schools with lower tuition rates. Government scholarships provide over 25 per cent of the places in high schools, but the number is not sufficient.

The high schools aim to prepare students to pass the difficult matriculation examinations taken after the fourth year. Only about half of the students who enter high school complete four years, and of these, 20 to 30 per cent fail one or more of the matriculation examinations. About 85 per cent of the graduates matriculate in Humanities or Sciences. It is believed that the most gifted students take Sciences.

During the first two years the curriculum is common to all students. In the last two years, it varies depending on the special area selected by a student. The matriculation examinations, which generate fearful cramming sessions for students, cover six fields, four of which are required and two are selected by the students. The rigidity of the system has been somewhat lessened by the student's option to submit a research paper in lieu of a sixth written examination. The English examination, which emphasizes composition, Shakespearian tragedy, and the poetry of Shelley, Keats, and Wordsworth, is especially difficult for Israeli students concentrating on written as opposed to spoken English. Art has not been included in the curriculum at all. The demands on high school pupils are very heavy. School hours are long and leisure time is almost entirely eliminated by the need to devote study time to Judaica and to the mastering of at least one foreign language.

Certain reforms are clearly indicated. Scholarships will have to be increased substantially, and tuition rates lowered. The excessive orientation toward passing matriculation examinations ought to be altered, if possible, and the curriculum should become more flexible and more reasonably related to the character and needs of the population.

Too few students attend vocational schools. While elementary schools are crowded, places have often gone begging in vocational

and trade schools. These schools are supervised by the Ministry of Labor. They generally offer a two- or three-year course divided between general studies and vocational training. The largest system of trade schools is operated by ORT (Organization for Rehabilitation and Training), while others are maintained by the Histadrut, Hadassah (the American Women's Zionist Organization), WIZO (the Women's International Zionist Organization), and the Ministry of Labor. They have generally reached a high level of training and their graduates have good employment opportunities. Tuition fees of IL.100 to 300 annually have discouraged enrollments. Given the lack of skills among post-1948 immigrants, vocational training has been undervalued and neglected.

Building on the foundations of the Jewish school system of the Mandate period, Israel within five years converted a partisan educational system into a unified public system offering free compulsory elementary education to all children. Limited financial resources have not yet enabled it to widen opportunities for high school education, and insufficient emphasis has been given to vocational training. But, above all, it has handled imaginatively the extremely difficult task of transforming children speaking a babel of languages derived from varying cultures and social and economic backgrounds into a new Israeli generation in a very short time.

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The foundation of Israel's health and medical services was laid in 1912 and 1918 by Kupat Cholim and the Hadassah Medical Organization respectively. The former was founded by agricultural workers of the Judean region, while Hadassah established its first health and hospital facilities for Jews in Palestine immediately after World War I. In the 1920's, Kupat Cholim was taken over and expanded by the Histadrut as a comprehensive scheme for health insurance for union members and their dependents financed by contributions from workers and employers. During the Mandate municipalities gradually developed health functions and provided hospitals and other medical facilities for the Jewish population. There was a parallel growth of the medical and health programs of Hadassah, Kupat Cholim, and Jewish self-government that were

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never integrated into a national medical care and health program, but together they made possible one of the lowest infant mortality rates in the world and a life expectancy equal to that of western countries.

When the State was founded, the pressing health problems were those associated with the influx of immigrants, many of whom came from Oriental countries with low standards of hygiene and sanitation and a high incidence of disease. Until the adoption of a selective immigration policy in 1953, no immigrant was excluded on grounds of ill-health, physical or mental disability, or poverty. Consequently many immigrants were chronically sick and required immediate hospitalization. During the first two years of immigration, 50,000 persons over sixty years of age entered and 20 per cent of the children were under nine. Many of the immigrants from the Middle East, North Africa, and Asia suffered from diseases that had never been diagnosed or treated before. Many from European concentration camps suffered permanent disabilities. The resulting strain on the country's health services was mammoth.

While Hadassah and Kupat Cholim continued to provide basic medical services to the established sections of the population and extended those services to immigrants as rapidly as possible, the Government assumed the enormous burden of providing essential health services for the immigrants. It took over British Government hospitals and built hospitals to supplement those maintained by other institutions. Gradually, a network of Government medical facilities was added to the existing complex of clinics, mother-and-child welfare stations, hospitals, and sanatoria. The Joint Distribution Committee founded Malben, which maintains centers for the care and rehabilitation of the chronically ill, permanently disabled, and aged.

The lack of integration in the nation's health activities produced certain inequities in access to adequate medical care. Some waste resulted from the inevitable overlapping services of governmental and non-governmental institutions. Some sections of the population, especially in outlying rural settlements, were left without satisfactory facilities. Nevertheless the record of accomplishment and progress during the first years of statehood was extraordinary. The health standards of immigrants from backward countries were raised

rapidly, although they have not yet equalled those of the older residents. Despite the overwhelming task of treating diseased and sick immigrants, no epidemics occurred. Almost all cases of tuberculosis were discovered and hospitalized, and TB has been nearly eliminated. Malaria, typhoid, and paratyphoid have been eliminated almost entirely. The number of hospital beds was increased but did not keep pace with population increases. Although beds for mental patients were quadrupled within five years, mental patients still waited a long time for hospitalization. Hundreds of new clinics were built, especially in the new settlement areas. The rate of infant mortality was reduced from 51.75 per 1,000 in 1949 to 33.6 in 1955, but this latter rate covers a range extending from 18 deaths per 1,000 in kibbutzim (the world's lowest) to 47 per 1,000 in the immigrant camps (less than one third of what it was in 1950 but still too high). The maternal mortality rate of 0.7 per 1,000 births is among the lowest in the world. Life expectancy at birth increased and by 1955 reached 69.4 years for males and 72.1 years for females, or about the same as in the United States. For the first time in the history of the Arab masses, the Arab communities of Israel developed an awareness of modern medicine, personal hygiene, and sanitation.

When the rate of immigration dropped after 1952, Israel's health services were given their first opportunity to analyze the health program that had accomplished so much despite the absence of central coordination and direction. There was general agreement among medical leaders that the institutions originally set up in the milieu and circumstances of the 1920's and 1930's were no longer suitable to the far less homogeneous and less Zionistically-motivated population of the 1950's. In particular Kupat Cholim reconsidered its basic organization and role.

In 1946 Kupat Cholim covered about 46 per cent of the Jewish population of Palestine. By 1956, about two thirds of all Israelis received their major medical care and hospital services from Kupat Cholim, which spent about half of Israel's public health budget. Its clinics were expanded from 373 in 1948 to 852 in 1956 (85 per cent of all clinics), including 343 in immigrant settlements. Its annual budget reached IL.47 million, and it employed 7,000 persons, including 1,500 doctors and 2,700 nurses. In addition to its

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clinics for outpatient treatment, it supplies about two out of every ten hospital beds in the country and a network of convalescent homes and infant welfare stations. About half of its annual budget is financed by contributions from members' dues and services fees, and nearly 40 per cent by employers' contributions. The Government contributes a subsidy of about 7 per cent, and the remaining amount comes from miscellaneous sources. The average union member pays annual dues of IL.30-40 and employers contribute almost the same amount per employee. Kupat Cholim estimates that the average member received treatment worth about IL.70-80 in 1955, but immigrant members received treatment valued at IL.200. According to Kupat Cholim statistics for 1954, each person insured with it visited its physicians more than 8 times during the year or about once in six weeks compared to about 2 per person per year in Canada (1951) and 1.51 in Sweden. Kupat Cholim dispensed almost 11 prescriptions per person during the year compared to less than 5 per year in England under the National Health Service in 1954, 4 per year in Greece, and 3.4 in Italy.

The increase in its population coverage from about 328,000 in 1948 to 1,100,000 in 1957 has profoundly altered the character of Kupat Cholim. Before statehood, Histadrut was able to divorce Kupat Cholim's medical service from the idea of personal gain for doctors. As long as the population was small and relatively homogeneous, its clinics were also small and doctor-patient relations were intimate. When its program more than tripled in scope and increased even more in total cost, the earlier pattern was replaced by a program of mass medicine. Patients crowded the stuffy corridors of clinics waiting in queues to see a doctor whom they may not have seen before or might not see again. The doctors in turn worked according to norms fixing the quota of patients they were expected to see during the hour or day. The first-come, first-treated method of operation imparted an assembly-line quality to medical care that encouraged those who could afford to do so to go to private doctors instead of waiting long hours to see an impersonal doctor. Clinics became places of deep anxiety; they were uninviting, rigid in their routine, and forbidding. The patient seemed to become lost in a vast bureaucratic machine that could not handle the burden thrust upon it.

The executives of Kupat Cholim have been very sensitive to the strains on its overburdened resources, while the doctors have been agitated by their low salaries compared to the earnings of doctors in private practice. In 1956, the management began to explore the technique of the British national health program in which patients register with certain doctors, who are paid according to the number of registered patients. In order to discourage hypochondriacs and unnecessary recourse to clinics, a token fee would be charged for visits and medicine. Although the doctors have opposed the introduction of the so-called panel system on the grounds that it would compel them to work harder with fewer benefits, it seems inevitable that Israel will move toward some scheme that strengthens the link between doctor and patient by making each doctor responsible for treating his own patients. The first major step toward this reform was taken in March 1957 when the national conference of Kupat Cholim passed a resolution recommending to the Histadrut the adoption of the family doctor system.

Four other smaller sick funds supply medical care on an insurance basis. Together with Kupat Cholim, they provide medical care to 75 per cent of all Israelis. Many in the remaining 25 per cent receive treatment privately or from governmental or other institutional sources, but some receive very little or none from any source. The fact that one out of every four citizens does not participate in a pre-paid health insurance plan has led to demands for nationalization of Kupat Cholim as the most promising method of providing needed medical care to all citizens regardless of their union status. However, nationalization would call for vastly increased expenditures by the Government which it cannot now afford.

The lack of coordination in the national health program is most apparent perhaps in hospitalization. Out of every 10 hospitals, the Ministry of Health operates 4, Kupat Cholim 2, the municipalities about 1.5, and the remaining 2.5 are operated by Hadassah, mission groups, and other public and private bodies. In the Jerusalem area, Hadassah rather than Kupat Cholim or the Government provides almost all the hospital beds because of the need for hospital facilities in Hadassah's program of medical education and research. In 1955, Israel had 3.1 beds in general and maternity hospitals per 1,000 population, compared to 5.1 per 1,000 in the United States

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(1953) and 3.8 per 1,000 in Belgium (1953). The shortage of hospitals is aggravated by multiple management of hospital facilities and the unevenness with which hospitals are located throughout the country in proportion to population. More than 1,200 patients awaited assignment to mental hospitals in 1956.

Hadassah has been the pioneering medical organization in Israel since its inception. In 1919 it initiated a school hygiene service since taken over by local authorities. Its first nursing school opened in 1919. It institutionalized the concept of infant welfare stations in 1922, opened its first TB hospital in 1925, and more recently has pioneered in occupational therapy, mental health, medical education, and community health work. In 1955 it began construction of a 500-bed hospital to serve Jerusalem and the medical school, which will replace the modern hospital on Mount Scopus that became inaccessible after the Arab-Israel war. Hadassah's activity has always been centered in Jerusalem, where it established Israel's only medical school in cooperation with the Hebrew University in May 1949. In seven years, about 300 doctors have graduated from the Hadassah-Hebrew University Medical Center following a seven-year course. It takes about 50 new students annually.

Hadassah today maintains about 700 beds in hospitals in Jerusalem, Beersheba, and Safad. Its unique family health program at Kiryat Yovel near Jerusalem is an imaginative experiment in the provision of comprehensive health, medical, and social services to an immigrant community. All essential community services, preventive as well as curative, have been made available under one roof instead of requiring citizens to visit several agencies to obtain the desired or needed treatment. In the Jerusalem area, Hadassah supplies hospital services to members of Kupat Cholim by agreement with the latter organization.

Israel has the highest proportion of doctors in relation to population of any country in the world, yet a shortage of doctors prevails. At the end of 1955, there were 3,874 licensed physicians, of whom 21.4 per cent were women. The proportion of women was high in comparison with western experience but low in comparison with Russia, where three out of four doctors are women. More than eight out of ten doctors practise in the cities and towns, leaving an insufficient number to care for the sick in rural areas. One half of the

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TABLE 33

Ratio of Medical Personnel to Population in Various Countries, 1955

	Israel	Great Britain	France	Austria	Switzerland	Norway
Physicians, 1 per	440	960	1,200	700	700	950
Dentists and Dental Practitioners, 1 per	1,300	4,000	4,200	2,250	2,500	50
Pharmacists, 1 per	2,000	2,250	4,800	4,200	4,700	3,400

Source: State of Israel, *Government Year-Book 5716 (1955)* (Jerusalem: The Government Printer, 1955), p. 224.

doctors are fifty years of age and older and nearly 25 per cent of them are over sixty. The number of physicians retiring annually is much larger than the number of those beginning their practice of medicine. About three out of four of all Israeli physicians came to Palestine during the 1920's and 1930's from Eastern or Central Europe. The next largest group of physicians (11 per cent) emigrated from the Balkans after the establishment of the State. Only 4 per cent came from Middle Eastern countries. Less than half of all doctors are general practitioners or internists. The remainder are specialists.²

The main concern of the Ministry of Health has been hospitalization. Over two thirds of its budget is devoted to maintenance of Government hospitals and allocations to others. The remaining 25 per cent was devoted to general administration and a preventive medical program. Apart from the striking lack of progress in treating mental disease and disturbed children, the most serious inadequacy in the health services of Israel lies in the field of preventive medical work. Although the Ministry and other agencies have requested greater emphasis on preventive as opposed to curative medicine, substantial funds to finance public health programs have not been made available. While Israel from the outset developed high professional standards in the practice of curative medicine and operation of hospitals, it tended to neglect preventive health for the first five or six years. It has spent millions on hospitals and clinics, but only recently has it begun to take needed precautions against disease. Doctors themselves have often neglected public health work

² See "Physicians in Israel," in Central Bureau of Statistics of Israel, *Monthly Bulletin*, December 1955 (in English).

HEALTH SERVICES

and have been attracted more by the dramatic qualities of applied medicine. Since 1955, however, there has been much greater awareness of the need for higher standards of sanitation, including sewage and garbage disposal, control of water pollution, supervision of restaurant cleanliness, inspection of theaters and public places generally, and the processing and distribution of foodstuffs. While malaria, typhoid, diphtheria, and tuberculosis have been nearly obliterated, strict sanitary controls by the Government are needed to reduce dysentery and intestinal disorders. Only a comprehensive reform and supervision of sanitation will be able to stamp out dysentery.

Delays in developing programs of preventive medicine have been fostered by the lack of a common principle in the division of labor among the Government, Kupat Cholim, Hadassah, and the other health institutions. Preoccupation with hospitalization has siphoned public funds away from preventive medicine. On the assumption that Kupat Cholim will not be nationalized, it may be possible for the Ministry to delegate to municipalities or to Kupat Cholim the administration of Government hospitals, leaving it free to concentrate on preventive medicine. Kupat Cholim might emphasize clinical care, while Hadassah continues to provide medical education and research, and Malben cares for the chronically ill and permanently disabled. Alternatively, it may be possible to develop the concept of unified family health services for an entire community on the model of the Hadassah scheme at Kiryat Yovel.

The health field illustrates characteristic difficulties facing the Government as it enters a field of social welfare in which major services have been offered for many years by other public bodies. In elementary school education, the Government was able to assume control and delegate operating responsibilities to local authorities. In medical care, on the other hand, pressures for a national program were less effective, and the urgency of immigrant needs prevented far-reaching changes at the outset in the division of labor among medical institutions. Moreover, the Government, which has not been able to finance an adequate program of preventive medicine, could not undertake the financial burden of a national health program. In view of these financial limitations, progress would seem to lie in the direction of closer cooperation and integration of govern-

mental and non-governmental programs of health and medical care. As a newcomer in a field long occupied by Kupat Cholim, Hadassah, and others who have great medical achievements to their credit, the Ministry of Health has not yet been able to develop a concept of its own role in public health or a plan for improving and coordinating the medical activities of the key institutions.

SOCIAL SECURITY LEGISLATION

Even before independence, steps were taken to develop social insurance schemes for adoption by the parliament as soon as it was formed. After the UN Partition Resolution of November 1947, Mr. Itzhak Kanev, the director of Kupat Cholim, began to draft plans for a comprehensive social security system. He was supported by the Histadrut's Institute of Social Research, which gathered materials and formulated proposals. The early start on social security legislation was motivated by the strong desire of veteran Zionists to make Israel one of the most progressive countries with respect to social welfare policy. Kanev's work, inspired by the British Beveridge plan, was based on the extensive tradition of social services maintained by the Zionist Organization and the Histadrut since 1920.

In January 1949 Eliezer Kaplan, the Minister of Finance in the Provisional Government, appointed an inter-ministerial planning committee headed by Kanev to recommend a draft bill to the Government. After a year of study, the committee submitted its plan to the Government in February 1950. A bill based on the plan was introduced by the cabinet in the Knesset in 1951, but it lapsed as the First Knesset completed arrangements for the election of the Second Knesset. The bill was reintroduced in the new Knesset and passed its first reading on February 13, 1952, the day that Ben Gurion announced a drastic disinflation program to be known as the "new economic policy." The coincidence of discussion of social insurance and the need for sharply reduced governmental expenditures reflected the major issue in the social security debate. While the bill passed its first reading unopposed, there was opposition in the country from two sides. Those on the right argued that a people dependent on foreign aid had no right to build up a welfare state, while those on the left argued that the bill did not go far enough

SOCIAL SECURITY LEGISLATION

in insuring people against unemployment and sickness as well as old age and disability.

The bill then passed to the Labor Committee of the Knesset, which established a special subcommittee to review it in detail. For a year and a half, the subcommittee analyzed the measure and made many changes in its provisions. It eliminated many features on the ground that the financial condition of the country did not warrant a high level of payments and broad coverage. For example, in the maternity section of the bill, it eliminated free maternity care and free layettes and the payment of full salary during pregnancy leaves. The subcommittee struggled to revise the bill to accord with the profound social and economic changes that had taken place from 1948 to 1953 as well as with financial realities. The bill was finally returned to the Knesset for second and third readings and became law on November 18, 1953. Its enactment during the sixth year of the State was hailed as a great achievement in social policy. When the law became effective on April 1, 1954, Israel became the forty-third nation to adopt modern social security legislation.

The National Insurance Law, 1953 (5714), was the first phase of a planned comprehensive social insurance program.³ It covered only three programs: old age and survivors' insurance, maternity grants, and industrial accident insurance. It did not include unemployment insurance or insurance against invalidity, and the level of benefit payments was initially quite low. National pride in its creation was marred only by misgivings concerning the State's ability to carry the financial burdens involved and the moral rightness of adopting welfare laws before the State attained economic independence. In the end the striving for social security prevailed because the initial insurance costs were estimated to be low and presumably would not constitute a drain on the State's resources. Furthermore, the law promised to reduce employers' costs for accident insurance because the new government premiums were lower than those charged in private insurance plans. Above all, since about half of all union members were already covered by pension schemes and maternity aids under collective labor agreements, the new legislation merely extended these provisions to the rest of the population.

³ For the English translation of the law, see State of Israel, *Government Year-Book*, 5715 (1954), pp. 266-293.

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Unlike their action in the field of elementary school education, where financial and organizational arrangements had lagged far behind the political settlement in favor of unified education, both the Knesset and the Government were willing to begin modestly and systematically in social security. They were better prepared with the necessary administrative arrangements and understood the critical importance of maintaining social insurance on an actuarially sound basis of unquestioned integrity.

At the outset, the old age pension plan embraced about 500,000 gainfully employed persons between the ages of 18 and 65, including salaried, self-employed, and nonemployed persons deriving income from investments and property. Men are eligible for pensions at 65 and women at age 60 if they stop work. If they continue working they are entitled to their pension at 70 and 65 respectively in any case. The ages of eligibility may be reduced to 62 and 57 for men and women engaged in certain types of heavy manual work. To encourage older persons to be productive longer, 5 per cent is added to the insured's future monthly benefits for every year he goes on working between the ages of 65 and 70 (60 and 65 for women). Employers are required to pay 3.3 per cent of wages and salaries up to IL.240 a month and IL.2,880 a year to the Social Insurance Fund, but they may deduct 1.4 per cent of employees' wages and salaries in making their payments. Thus the employer contributes about 60 per cent and the employee about 40 per cent. Non-salaried persons contribute 2.9 per cent of their income. Contributions are linked to income tax payments and may be made either to the regional offices of the National Insurance Institute or to local income tax offices of the Ministry of Finance. The Minister of Labor, with the approval of the Labor Committee of the Knesset, has authority to vary the rate of premiums and the minimum and maximum salaries and wages to which it applies. In addition the Government may pay into the Social Insurance Fund an amount equal to 10 per cent of employer-employee contributions, but the date for the beginning of such payments is set by the Ministers of Finance and Labor with the approval of the Finance Committee of the Knesset. Old age benefit payments began in April 1957, three years after the effective date of the law, to 20,000 persons. Subsequently, all persons who pay into the Fund for at least five years

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are eligible for pensions. The system is compulsory for working people and voluntary for nonemployed housewives. The scheme did not include those 67 and over when the law was passed. Although these persons probably needed the protection of pensions more than others, the initial cost of including them would have been very high. By April 1, 1956, after two years of operation, the number of insured persons was 560,000, or 92 per cent of all eligible Israelis.

The Israel old age scheme has three distinguishing features. All pensions payable under the scheme are the same irrespective of the scale of contributions, except that for each contribution year beyond ten, the amount of the pension increases 2 per cent to a maximum of 50 per cent. The benefits are linked to the cost-of-living index and rise as the level of prices rises. With the cost-of-living index standing at 250 at the beginning of 1957, monthly benefits of persons insured three years or longer were IL.37.500 for a single retired person, IL.56.250 for a retired couple, and IL.71.250 for a couple with an additional insured dependent. In order to eliminate the possibility of requiring excessive deductions from wage payments for insurance and pension purposes, employers and employees who on April 1, 1954, also made contributions to private pension funds may reduce their combined contributions to the Social Insurance Fund from 3.3 to 2.5 per cent.

Survivors of persons covered by the old age scheme receive pensions provided the deceased was covered by the plan for one year. First benefits were paid to survivors beginning April 1, 1955, and by April 1956, 849 pensions were being paid monthly to widows and orphans. Invalid widows, widows over 50 years of age, and those with dependent children regardless of age receive the full benefit payable to their husbands plus supplementary amounts for dependent children. Women aged 45 to 49 years at widowhood receive three fourths of the husband's pension; those aged 40 to 44 receive one half; and those under 40 at widowhood and widows whose pensions are discontinued because of remarriage receive a lump sum of IL.180. All benefits are subject to cost-of-living increases. Children who lose both parents are also eligible for monthly payments.

Maternity provisions are of two types. The first authorizes a birth grant to cover hospital expenses in connection with deliveries. Part of the grant goes directly to the hospital while the remainder is paid

to the mother for layette expenses. Since these grants are not linked to the cost of living, the National Insurance Institute has increased them from time to time. Since grants are not paid to those having babies at home, they encourage women to have their babies delivered in hospitals or maternity clinics where the infant mortality rate is very low. The proportion of Jewish women having their babies in hospitals increased from 85 per cent to 95 per cent from 1953 to 1956, while the proportion of Arab mothers increased from 4 to 25 per cent. In 1954-55, 43,000 maternity grants were paid, including about 9,000 paid leaves to working mothers who left work to give birth.

The second maternity provision guarantees that a pregnant worker, employee and self-employed alike, beginning February 1, 1955, receives up to three fourths of her salary not exceeding a fixed amount per week for twelve weeks. The maximum weekly payment was set at IL.35 and increased on April 1, 1956, to IL.47.500. Mothers are also guaranteed the right to return to their jobs within a certain period of time.

Before 1953, many Israeli employers carried insurance against work accidents with private insurance firms. However, many small employers did not protect their workers in this fashion. Under the Workmen's Compensation Ordinance of 1947, which was extended by the Knesset, injured workers received a one-time payment from employers which varied according to the nature of the injury. Under the National Insurance Law several important changes have been made. The fundamental difference is that the victim of a work accident now can claim monthly payments from the National Insurance Fund rather than a lump sum from his employer. This system sharply reduces the liability of the employer and protects workers against employers who neglected to pay their premiums for private insurance. Instead of paying to a private firm, employers now pay 0.5 to 3 per cent of their total wage bill to the National Insurance Fund depending on the degree of hazard involved in employment.

The work accident insurance program covers up to the complete cost of medical and hospital care, and therapy, rehabilitation, and convalescence expenses from 2 to 26 weeks. Workers who are temporarily disabled by injuries or occupational disease receive a fixed

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daily amount up to 25 weeks. On April 1, 1954, the amount was IL.5, and was increased to IL.6.250 per day on April 1, 1956. A totally disabled worker receives up to IL.150 a month for life. Widows of totally disabled workers without dependent children receive 40 per cent of their husband's pensions; if they have children they receive 60 per cent plus additional amounts depending on the number of children.

Work accident insurance has highlighted poor safety standards as one of the critical industrial problems of Israel. It has been estimated that one out of thirteen workers is injured every year. Although the Factory Ordinance of 1946 is still in force, the inspection staff of the Ministry of Labor, which enforces it, is very small.

The National Insurance Institute within the Ministry of Labor administers the social security programs. Under the direction of the Minister of Labor, the Institute is operated by a Council of forty public representatives appointed for four-year terms by the Minister and by a Board headed by a Director also appointed by the Minister. Under the chairmanship of the Minister, the duty of the Council is to provide general supervision of the activities and management of the Institute. Day-to-day operation is vested in the Board, headed by a Director. The Institute's budget is subject only to the control of the Minister of Labor, and civil service rules do not apply. The position of Chief Actuary is an independent post within the Institute. In order to deal properly with contested claims for benefit payments, a national tribunal system has been established. Local tribunals headed by magistrates act as informal courts of first instance. Their decisions may be appealed only to the Appeals Tribunal, headed by district court judges or those qualified to be judges. In the early years of the plan, inexperienced administrative officials tended to pass to the tribunals many questions which they might properly have decided themselves. As a result, the work of the insurance tribunals has been heavy.

The Institute has established seventeen branch offices in major cities and towns in coordination with the field organization of the income tax department of the Finance Ministry. A forward-looking administration has developed imaginative programs to inform Israeli residents about their rights and obligations under the law. Educational campaigns featuring gaily illustrated pamphlets in

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basic Hebrew have begun to teach them what the social insurance system is and how to become eligible for its benefits. Employees have been given some specialized training, but more is needed.

During its first year of operation, 1954-55, the Institute collected IL.24 million, 59 per cent from employers, 29 per cent from employees, and 12 per cent from other insured persons. It spent about IL.6.6 million, including IL.2.8 million in payments for work accidents, IL.2.8 million for maternity grants and leaves, and IL.1 million for administration. In 1955-56, revenues increased to IL.37.3 million, and 73,000 beneficiaries were aided.

The law requires the Institute to invest insurance funds only in constructive enterprises of the State. In theory, the Insurance Fund was intended to make available substantial sums during the first years of the plan for financing public development projects. Thus far the Institute has moved slowly. The risk of investing social security funds in problematical development projects is considerable. The utmost caution is therefore required in the management of the investment program of the Insurance Fund. In other areas, such as the fixing of contributions and the level of benefit payments, the Minister of Labor has been delegated a high degree of discretionary authority. Subject to the approval in various instances of the Finance and Labor Committees of the Knesset and the Minister of Finance, the Minister of Labor may make important substantive as well as administrative changes in the social security system.

Administrative performance in the National Insurance Institute has been better than that of the Government generally. Despite the magnitude of the record-keeping task involved in the social insurance program and the rather cavalier Zionist attitude toward administrative precision in the past, the Institute's record of achievement has been very good. Administrative development has been carefully and cautiously planned, in direct contrast to the confused transition from trend to State elementary education. Undoubtedly the modest proportions of the social security program have kept its effective management within the range of possibility.

RELIEF AND REHABILITATION

The failure of the Mandatory Government to undertake pro-

grams to relieve indigent and other needy families left institutions of Jewish self-government free to preempt the field of social welfare. At first the Zionist Organization attempted to meet pressing relief needs. In 1931 its social welfare program was transferred to the National Council. When the State was established, both the minimal functions of the Mandatory Department of Social Welfare and the Social Service Department of the National Council were vested in a Ministry of Social Welfare, which proved to be incapable of developing a modern welfare service.

The burden of public welfare in Israel is the direct result of mass immigration. From 1948 to 1952 the country imported human misery and social problems of vast proportions during a period of extreme shortage of jobs, housing, food, and the ordinary amenities of daily living. While many agencies, both public and private, performed magnificently in caring for orphaned children, the aged, the chronically ill, and the disabled, their institutional programs were not well suited to the strong family pattern of Oriental and North African immigrants. Except for some pioneering experimentation, Israel has not yet altered its traditional pattern of specialized institutional care in favor of comprehensive family care and development.

In social welfare, as in health and medical care, the Government is merely one of many agencies seeking to meet heavy demands for assistance to needy children; the aged, blind, and handicapped; the indigent; and the maladjusted. The number of persons dependent on public assistance of some sort has been very great. Many agencies, both public and private, function side by side, competing for financial assistance from abroad and subvention from the Government. Many private agencies devote a substantial proportion of their income to public relations work to sustain their sources of financial support. In addition, almost all political parties have developed welfare programs, with an emphasis on kindergartens and youth groups, and each party has a women's branch that engages in some type of social welfare work. Consequently, the welfare efforts of non-governmental bodies frequently bear the stamp of political indoctrination or they result in considerable overlapping and waste of effort and scarce resources.

The operation of welfare institutions is theoretically under the

supervision of the Government. Under the law, a welfare association can be founded by notifying the Minister of the Interior. The law also requires such associations to submit annual reports of their activities and finances, but it has never been enforced. The Ministry of Health inspects institutional facilities for compliance with sanitary regulations. While the Ministry of Social Welfare had authority in 1955 to supervise several hundred public institutions, including dormitories, homes for the aged, religious schools, hostels for girls, orphanages, charity societies, and loan funds, most of which received some grant from the Government, its supervision was nominal.

Under the leadership of the religious parties, the Ministry of Social Welfare developed haltingly and haphazardly. Always one of the less efficient ministries, it has suffered from extreme partisan influences in personnel administration and rather strong antipathy to modern concepts of welfare administration. It has been handicapped by a shortage of trained social workers and by low budgets that were grossly inadequate in relation to urgent demands for public assistance. Even when expenditures had been authorized, funds were often unavailable. For example, for the fiscal year 1953-54, it was not until December 1953, four months before the end of the fiscal year, that the Ministry of Social Welfare determined the allocation of budgeted funds to its various activities and informed municipalities and other local authorities of their relief allotments. In other cases, the Ministry has been unable to meet its own schedule of allocations to local authorities and it has frequently lagged behind schedule in making allocated funds available.

The Ministry establishes minimal schedules of grants to needy persons and families and allocates funds to local authorities to administer direct relief. Government grants range from 20 to 90 per cent of actual expenditures, depending on the number of needy persons and the extent to which the local authority has shared in settlement of immigrants. In 1954-55, 132 local authorities were active in social welfare work, financed in part by the central government. In wholly immigrant areas, such as temporary immigrant camps and new immigrant towns, the Ministry carries nearly the full burden of relief. Relief is administered by branch welfare offices either in local authorities or immigrant camps under the

RELIEF AND REHABILITATION

supervision of regional offices of the Ministry of Social Welfare. In 1955, it was estimated that welfare expenditures were at least IL.20 million. Of this amount, the Government spent about IL.7.5 million; the local authorities, IL.3.6 million; and other public and private agencies and institutions, IL.9 million.

In April 1956, 639 social workers were employed in the country, including 111 on the staff of the Ministry, 70 with other government offices, 278 in local authorities, and 181 in other public institutions and agencies.⁴ In order to increase the supply of social workers, the Ministry organized the Jerusalem School of Social Work under the supervision of the Hebrew University, which conducts a two-year course for secondary school graduates. In addition, the Ministry grants a subvention to a Social Welfare School operated by the Tel Aviv Municipality. Some case workers, especially those working in immigrant towns and camps, have been subjected to bodily injury and have encountered major obstacles in their attempt to establish their profession in Israel.

Relief allowances have been minimal and bear no relation to family requirements. During June 1954, about 50,000 families depended wholly or partially upon relief allowances. At that time the monthly allowance established by the Ministry and the Central Bureau of Statistics included IL.15 for the head of the family, IL.10 for his wife, and IL.7.5 for a child. Two years later, in June 1956, a family of four in an immigrant camp received IL.52 monthly if the head of the family was an invalid but only IL.30 if he was merely old.

In addition to its subsidy of local direct relief, the Ministry of Social Welfare maintains other activities including loans to handicapped persons, help to aged persons accommodated in institutions, distribution of clothing in immigrant settlements, relief to victims of Arab infiltrators, establishment of neighborhood centers, operation of special day nurseries and clubs for children, and administration of a foster-parent program for homeless children. By agreement with the National Insurance Institute, it provides insurance for persons over sixty-five years of age who are on the relief rolls of the welfare offices of local authorities. However, the Ministry's programs of institutional care are overshadowed by facilities provided by

⁴ State of Israel, *Government Year-Book 5717 (1956)*, pp. 377-378.

Malben, Hadassah, the Jewish Agency, and WIZO covering the aged and the chronically sick, orphaned children, and immigrant families generally. In view of the inadequacy of public funds, such groups must continue to supplement the resources of the Government with their programs of institutional and family care. Nevertheless, a greater measure of integration of social services would eliminate waste and make more effective use of scarce resources.

Provision for the relief and rehabilitation of veterans and their families vastly exceeds direct relief payments to other needy persons. Under the Army Invalids (Pensions and Rehabilitation) Law of 1949, as amended in 1955, war veterans are granted free hospitalization, medical assistance, housing, economic rehabilitation, and either a lump sum grant or monthly pension depending on the degree of disability involved. A veteran with a disability of 10 to 34 per cent receives a lump sum grant, while a veteran whose disability exceeds 35 per cent receives a monthly pension tax free. In June 1955, more than 5,200 disabled veterans were being cared for by the Ministry of Defense. Under the Fallen Soldiers' Families (Pensions and Rehabilitation) Law of 1950, the Government makes grants to widows, orphans, and parents or grandparents who were dependent on a deceased soldier immediately before his death. Wives of veterans receive special maternity grants and every recipient or beneficiary under the law is insured against illness. Paralyzed veterans receive specially-built homes and automobiles, an automobile maintenance allowance, and loans at a total average cost per veteran of IL.40,000.

During 1954-55, for example, medical care was given to nearly 10,000 veterans. 187 required hospital care; 276, convalescence; 79, artificial limbs; 189, aid instruments; 1,224, orthopedic appliances; and 34 cars were fitted especially for invalids. In addition, financial aid was given to about 1,000 soldiers, invalids, and surviving families of deceased soldiers in the form of employment, facilities to earn their own living, vocational training, and university-level education. Eleven dwellings were acquired for the use of invalids, and loans were made to nearly 500 to purchase or rent suitable housing.

HOUSING

HOUSING

Providing housing for Israel's rapidly increasing population has been one of the most difficult tasks of the new State. During 1948 and 1949, the first waves of immigrants, totalling about 125,000, were absorbed mainly in abandoned Arab houses that first had to be repaired by the Jewish Agency.⁵ By 1950 all habitable housing was occupied, and the Jewish Agency began construction of immigrant camps and helped to finance permanent immigrant housing. By the middle of 1950 over 90,000 immigrants were housed in 53 immigrant camps all over Israel. Their number reached 210,000 in 1951 and a peak of more than 250,000 in early 1952.

Gradually the Government took over from the Agency the housing of immigrants in camps. In 1951, many of the camps' inhabitants were housed in tents, but by the end of 1952 canvas had given way to one-room wooden and aluminum huts. The Government's principal task was the gradual transfer of immigrants from the camps to permanent housing units. The Housing Division of the Ministry of Labor carried the main responsibility of constructing immigrant dwellings which were rented cheaply. Amidar, a housing corporation established by the Government and the Jewish Agency, assumed management of government houses. In 1955 the rate of immigration from North Africa reached 45,000 annually, and the number of inhabitants in immigrant camps once again increased.

From 1948 to 1956, about 60 to 70 per cent of all housing units were constructed by the Government or under Government financing. Private builders concentrated mainly on luxury houses and apartment buildings for sale rather than rental because of the unprofitability of rental housing under tight rent controls. During this period, the Government built 150,000 dwelling units, including more than 80,000 immigrant units; 36,000 units in farm settlements; and, with the cooperation of the Histadrut, 30,000 units for older residents. By the end of 1955, 90 per cent of the immigrants who arrived during this period were housed, the majority in units constructed by the Government.

In addition to immigrant housing, the Government built houses

⁵ For details of the experience of the first years, see David Krivine, "Houses for Israel's Growing Population," *International Labor Review*, vol. 67 (March 1953), pp. 262-291.

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for civil servants and war veterans. It also developed the Popular Housing Scheme and the Homes-by-Saving Plan to enable older residents and those with savings to purchase modest houses. Under the first scheme, several thousand houses were built for those able to pay one half of the low purchase price in cash. Under the second, monthly forced savings accumulated in a fund to finance purchase of a house in later years. The Government also made mortgage loans to public housing companies to encourage construction. The Jewish Agency, Histadrut, and most political parties built subsidized housing projects. Institutions, like colleges and universities, built or bought housing for their staffs to induce them to come to or stay in Israel.

Funds for construction and loans to other bodies for housing programs came from the State's budget for development projects. Expenditures for housing created a difficult economic and social dilemma. The State was torn constantly between the imperative need on the one hand for subsidized housing both for older residents and newer immigrants and the essential economic soundness of investing public funds only in productive undertakings. The dilemma was occasionally resolved in favor of construction because of the desire to use the Government's housing program to provide jobs to alleviate unemployment. In 1955, the concentration of construction projects in more unsettled sections of the country was designed partly to induce Israelis to avoid settling in crowded urban areas where they were unlikely to become economically productive.

RELIEVING UNEMPLOYMENT

Pressures in support of public unemployment relief programs have always been very strong. In part, such pressures have been motivated by welfare objectives of helping unemployed immigrants who usually lacked any useful training or skills and had no financial reserves. Another motivation may have been the desire to support the Histadrut's policy of high wages, which might have been undermined by continuing unemployment. Within the Government, the Ministry of Labor undertook to estimate the number of unemployed and to prepare a "budget" of work days on public projects to provide jobs for the unemployed. In addition to employment in activities of the Ministry, including housing, public works, and

RELIEVING UNEMPLOYMENT

highway construction and maintenance, these budgets ordinarily included funds for loans to public authorities to provide jobs on significant local projects (sewage, drainage, gardening, etc.), clearing and rehabilitation of abandoned citrus groves, afforestation, and stone cutting.

Gradually the Ministry has concentrated employment relief jobs in developmental activities financed by the State's development budget. It has also made more jobs available in rural sections away from the coastal area as a device to encourage immigrants to leave the slum sections of the larger cities. Similarly, the Ministry now provides an average of twelve days of outside work each month for male settlers in new immigrant villages to induce them to stay and others to join them from the cities. Such work normally includes gardening, building approach roads, and improving communal facilities, and is financed in cooperation with the Jewish Agency. It has also tried to reduce unemployment among women by establishing domestic industries and crafts, such as carpet weaving and jewellery making. All told, the budget of work days for the unemployed has provided the equivalent of about 20,000 full-time jobs each year.

In a very brief span of time, Israel has developed the basic ingredients of a comprehensive welfare state for all. When financial limitations are overcome, welfare programs will undoubtedly expand. Already compulsory elementary education is enforced for all children. The first phase of a modern social security system is functioning. Despite inequities in the availability of health and medical services, the standard of health is very high and basic medical needs are being met. Although case work is still in its infancy and direct relief to the needy is inadequate, institutional care of high quality is available to special groups. The Government has built most of the new housing for immigrants and older residents to provide an essential prerequisite to their economic and cultural absorption. Despite their cost and dubious economic value, jobs are made available to relieve unemployment. Throughout these welfare programs, the fundamental issue has been whether a State struggling for national survival and economic independence should divert funds away from productive activities to meet welfare objectives. In accordance with Zionist tradition, considerations of social welfare have prevailed over economic factors.

A Note in Conclusion

As one of the youngest states in the modern world, Israel "embodies the oldest memories."¹ Yet the nation has been built by immigrants, and its institutions and values have been fashioned by Jews gathered from scores of countries of varying culture and political and economic status. Its population is both eastern and western; its economy both socialist and capitalist. It assumed the burdens of national sovereignty under conditions highly unfavorable to political experiment along democratic lines. Nevertheless, despite the relative absence of appropriate experience in democratic governance and the unsuitability of Zionist politics as a foundation for statehood, Israel has displayed remarkable adaptability in meeting the challenge of national independence.

Israeli politics are not free of serious strains. For example, the basic freedoms of the individual are not enshrined in fundamental laws. Organized religion intrudes excessively in politics and secular affairs generally. Partisan politics itself pervades daily life. And the military requisites of national security remain a potential threat both to individual freedom and to rational economic development. But in spite of these limitations, the nation's political institutions are democratically organized and operated, and its political processes are open and free. The great freedoms of individual thought and expression are cherished resolutely and sustained by a continuing commitment to the rule of law. The intellectual climate is dynamic and even turbulent. The serious nature of its major problems of statehood has often been underestimated by leaders who must be perpetually concerned with almost insoluble problems of building a democratic nation under conditions of severe stress.

The quality of political development in Israel in its first decade must be measured not primarily by the efficiency of its public services, the competence of its civil service, or the attainment of a workable degree of collective cabinet responsibility. Rather, Israel's record in the first decade of statehood rests in the main upon its demonstrated capacity to survive as a free society and to develop a substantial measure of stability in its democratic institutions.

¹ James Parkes, *End of an Exile* (London: Vallentine, Mitchell and Co., 1954), p. xi.

Appendix Tables

- A. Knesset Committee Meetings during the Second Knesset, 1951-1955
- B. Laws Enacted by Second Knesset, by Committee, 1951-1955
- C. Laws Passed in Second Knesset, by Subject Matter, 1951-1955
- D. Ministerial Replies to Questions Submitted during the Second Knesset, 1951-1955
- E. Questions, by Party and Replying Minister, in Fourth Session of Second Knesset
- F. National Income Produced, 1954 and 1955, by Sector
- G. Consumer's Price Index, December 1951-December 1956
- H. United States Government Assistance to Israel, 1951-1955
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- K. Population of Cities and Towns of 10,000 or More Persons, January 1, 1955
- L. Population of Jews and Non-Jews in Israel, 1948-1956
- M. Arab Population of Israel, December 31, 1956
- N. Distribution of Jewish Population of Israel, by Age Group, Selected Years 1948-1955
- O. Distribution of Population, by Type of Settlement, December 31, 1955
- P. Number of Immigrants in Relation to Total Population in Israel, 1948-1956
- Q. Origin of Immigrants by Area of Birth, May 15, 1948-December 31, 1956

APPENDIX

TABLE A

Knesset Committee Meetings during the Second Knesset, 1951-1955
(number of meetings)

<i>Committee</i>	<i>First Session</i>	<i>Second Session</i>	<i>Third Session</i>	<i>Fourth Session</i>	<i>Total</i>
Constitution, Law and Justice	42	60	71	63	236
Finance	119	89	149	122	479
Foreign Affairs and Defense	38	38	62	38	176
Home Affairs	61	34	53	44	192
Labor	34	32	36	40	142
Economic	39	35	46	30	150
House	65	50	47	38	200
Public Services	37	33	39	34	143
Education and Culture	48	55	66	52	221
Total	483	426	569	461	1939

Source: Knesset of the State of Israel, *The Work of the Second Knesset* (in Hebrew), mimeographed, July 1955.

TABLE B

Laws Enacted by Second Knesset, by Committee, 1951-1955

<i>Committee</i>	<i>First Session</i>	<i>Second Session</i>	<i>Third Session</i>	<i>Fourth Session</i>	<i>Total Second Knesset</i>	<i>Bills Remaining in Committee</i>
Constitution, Law, and Justice	24	17	19	16	76	14
Finance	21	27	25	19	92	2
Foreign Affairs and Defense	7	4	6	4	21	1
Home Affairs	10	6	6	7	29	2
Labor	7	6	8	3	24	4
Economic	3	7	5	4	19	3
House	2	—	1	—	3	—
Public Services	1	3	2	1	7	1
Education and Culture	—	3	2	1	6	1
Miscellaneous	—	1	1	2	4	—
Total	75	74	75	57	281	28

Source: Knesset of the State of Israel, *The Work of the Second Knesset* (in Hebrew), mimeographed, July 1955.

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TABLE C

Laws Passed in Second Knesset, by Subject Matter, 1951-1955

<i>Subject</i>	<i>First Session</i>	<i>Second Session</i>	<i>Third Session</i>	<i>Fourth Session</i>	<i>Total</i>
Finance and Economy	23	28	25	19	95
Law and Government	22	13	25	8	68
Defense and Military	12	9	10	7	38
Municipalities	7	1	1	6	15
Religious Affairs	2	3	2	3	10
Workers	1	5	2	1	9
Basic Laws	4	1	2	—	7
Agriculture	1	3	—	3	7
Education and Culture	—	3	3	1	7
Knesset	2	—	—	4	6
Health	1	2	—	1	4
Transportation	—	3	—	—	3
Protection of Tenants	—	—	—	3	3
National Insurance	—	—	—	1	1
Miscellaneous	—	3	4	—	7
Total	75	74	75	57	281

Source: Knesset of the State of Israel, *The Work of the Second Knesset* (in Hebrew), mimeographed, July 1955.

TABLE D

Ministerial Replies to Questions Submitted during the Second Knesset, 1951-1955, by Party

<i>Party</i>	<i>First Session</i>	<i>Second Session</i>	<i>Third Session</i>	<i>Fourth Session</i>	<i>Total</i>
Mapam	178	146	194	229	747
Communist	51	65	65	145	326
General Zionist	95	43	47	32	217
Mapai	42	23	38	23	126
Herut	24	36	39	19	117
Progressive	29	3	6	7	45
Agudat Israel	2	8	17	3	30
Mizrachi	2	1	1	—	4
Other	22	47	66	39	174
Total	445	372	473	497	1786

Source: Knesset of the State of Israel, *The Work of the Second Knesset* (in Hebrew), mimeographed, July 1955.

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TABLE E

Questions, by Party and Replying Minister, in Fourth Session of Second Knesset

Minister Replying	Poalei									
	Com- Mapam	Gen'l munist	Zionist	Mapai	Herut	Agudat Israel	Pro- gressive	Agudat Israel	Other Party	Total
Commerce & Industry	37	19	1	2	5	1	1	—	2	68
Labor	22	18	1	3	—	—	1	2	2	49
Interior	28	11	1	—	—	3	—	—	6	49
Finance	26	5	5	1	—	—	2	—	1	40
Education	11	9	4	3	6	2	—	—	5	40
Health	16	18	1	1	1	1	1	—	—	39
Prime Minister	16	4	6	5	—	—	—	—	4	35
Police	14	14	2	—	—	2	—	—	1	33
Transportation & Communication	5	6	2	6	2	—	—	1	2	24
Foreign Affairs	10	7	1	1	—	—	—	—	1	20
Agriculture	11	6	—	1	1	—	—	—	1	20
Defense	4	10	2	—	—	—	—	—	1	17
Justice	12	2	—	—	1	—	1	—	1	17
Welfare	3	11	1	—	—	—	—	—	—	15
Religious Affairs	8	—	2	—	1	—	1	—	1	13
Development	3	3	—	—	1	—	—	—	—	7
Posts	—	2	1	—	—	—	—	—	1	4
Other	3	—	2	—	1	1	—	—	—	7
Total	229	145	32	23	19	10	7	3	29	497

Source: Knesset of the State of Israel, *The Work of the Second Knesset* (in Hebrew), mimeographed, July 1955.

TABLE F

National Income Produced, 1954 and 1955, by Sector

(per cent)

Sector	1954	1955
A. Agriculture	13.5	12.9
B. Industry	22.7	23.8
C. Electricity and Water	1.8	1.9
TOTAL A-C	38.0	38.6
D. Building and Public Works	5.9	6.2
E. Transportation	7.3	7.3
F. Trade, Finance, Property, and other Services	27.1	25.2
G. Government, Local Authorities, and Public Institutions	21.7	22.7
TOTAL A-G	100.0	100.0

Source: Bank of Israel, *Annual Report 1955*, p. 24, Table 4, and *Government Year-Book*, 5717 (1956), p. 413.

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TABLE G

Consumer's Price Index, December 1951-December 1956
September 1951 = 100

	<i>Index</i>	<i>Per Cent Change</i>
December 1951	107	+ 7
December 1952	178	+ 63
December 1953	212	+ 19
December 1954	228	+ 7.5
December 1955	239	+ 4.8
December 1956	250	+ 4.6

Source: The Central Bureau of Statistics of Israel, *Israel Economic Indicators*, vol. II (February 1956) (Jerusalem: 1956), p. 9, and monthly reports of the Central Bureau of Statistics.

APPENDIX

TABLE H

United States Government Assistance to Israel, 1951-1955
(thousands of dollars)

	1951- 1952	1952- 1953	1953- 1954	1954- 1955	Total
1. ECONOMIC AID					
Food	35,112	22,887	6,519	16,974	81,492
Fuel	9,055	12,974	13,426	2,445	37,900
Agricultural Supplies	7,439	6,291	1,886	2,521	18,137
Raw Materials for Local Consumption	4,045	4,939	5,697	3,325	18,006
Raw Material for Export Industries	—	—	10,006	2,650	12,656
Spare Parts	200	910	1,971	1,475	4,556
Medical Supplies	—	1,098	630	500	2,228
Investment in Agriculture and Irrigation	2,448	7,357	10,337	6,110	26,252
Investment in Industry and Power	2,800	6,062	1,428	2,900	13,190
Housing	2,401	5,632	—	—	8,033
Investment in Transportation	—	2,078	600	1,100	3,778
Total	63,500	70,228	52,500	40,000	226,228
2. TECHNICAL ASSISTANCE	773	2,636	1,487	1,426	6,322
3. EXPORT-IMPORT BANK LOAN 1949-50					
Agriculture	70,000				
Building	25,000				
Port and Communications	20,000				
Industry	20,000				
	135,000				

Israel Counterpart Funds—United States Government Assistance
(thousands of Israeli Pounds)

	1951- 1952	1952- 1953	1953- 1954	1954- 1955	Total
1. ECONOMIC AID					
Agriculture and Irrigation	12,097	28,800	33,940	30,000	104,837
Industry, Power, Mining	5,280	9,205	11,760	18,000	44,245
Transportation and Communications (incl. Roads)	1,664	11,930	9,000	9,000	31,594
Housing	10,682	6,000	14,000	5,000	35,682
Public Works	—	1,681	5,000	1,000	7,681
Others (incl. Health, Welfare, Schools)	1,400	1,650	1,300	—	4,350
Unprogrammed	—	—	—	9,000	9,000
Total	31,123	59,266	75,000	72,000	237,389
2. TECHNICAL ASSISTANCE	781	1,500	1,350	475*	4,056

* Not final.

Source: United States Operations Mission, Tel Aviv, Israel.

APPENDIX

TABLE I
Exports by Principal Commodities, 1949-1956
(millions of dollars)

Period	Total	Citrus Fruits	Diamonds	Processed Fruits	Other Processed Foods	Motor Cars & Parts	Textiles and Clothing	Cement	Tires and Tubes	Plywood	Other
1949	28.6	18.0	5.2	2.4	0.5	—	0.3	—	—	—	2.2
1950	35.1	16.9	8.8	1.4	1.3	—	3.8	—	—	—	2.8
1951	44.8	15.9	11.7	3.2	1.7	1.6	6.4	—	—	0.2	4.1
1952	44.5	16.5	11.2	3.1	1.0	2.2	4.7	1.6	0.1	0.1	4.0
1953	56.3	19.5	12.7	2.5	1.2	2.3	5.3	1.3	0.8	0.5	10.2
1954	87.7	33.7	15.6	2.8	3.3	7.1	4.6	2.5	2.3	1.4	14.4
1955	86.2	30.2	19.9	2.1	2.9	3.5	6.1	2.6	2.6	1.3	15.0
1956	103.7	40.2	24.5								

Source: *Bank of Israel Bulletin*, No. 3, July 1956, p. 57, for 1949-55 data. 1956 data: Provisional estimates of the Ministry of Commerce and Industry.

APPENDIX

TABLE J

Imports by Economic Destination, 1949-1955
(millions of dollars)

<i>Period</i>	<i>Total</i>	<i>Consumer Goods</i>	<i>Raw Materials</i>	<i>Investment Goods</i>	<i>Fuels</i>	<i>Other</i>
1949	253.1	81.0	82.3	71.6	15.2	3.0
1950	298.8	77.7	95.6	101.6	22.4	1.5
1951	379.8	97.5	140.4	106.2	35.3	0.4
1952	323.1	74.3	119.5	88.1	40.4	0.8
1953	281.9	59.1	127.4	64.1	31.3	—
1954	295.8	52.9	149.1	62.5	31.3	—
1955	338.1	54.0	171.2	77.0	34.2	0.8

Source: *Bank of Israel Bulletin*, No. 3, July 1956, p. 57.

TABLE K

Population of Cities and Towns of 10,000 or More Persons, January 1, 1955

CITIES	
Tel Aviv-Jaffa	358,500
Haifa	154,500
Jerusalem	144,000
Ramat Gan	51,000
Petach Tikva	36,000
Natanya	30,000
Holon	28,500
Bnei Brak	25,000
Rehovot	24,000
Hadera	22,200
Nazareth	21,500
Ramle	21,500
Rishon-le-Zion	21,000
Lydda	17,600
Acre	16,900
Tiberias	16,500
Beersheba	16,300
Migdal Ashkelon	14,400
TOWNS	
Givataim	18,000
Herzlia	16,800
Kfar Saba	15,000
Tirat Hacarmel	13,000
Bat Yam	12,000
Kfar Ata	10,300
Nes Ziona	10,000

APPENDIX

TABLE L

Population of Jews and Non-Jews in Israel, 1948-1956
(thousands)

<i>End of Year</i>	<i>Jews</i>	<i>Non-Jews</i>	<i>Total</i>
1948	759	120	879
1949	1,014	160	1,174
1950	1,203	167	1,370
1951	1,404	174	1,578
1952	1,450	180	1,630
1953	1,484	185	1,669
1954	1,526	192	1,718
1955	1,591	198	1,789
1956	1,667	205	1,872

TABLE M

Arab Population of Israel, December 31, 1956

	<i>Urban</i>	<i>Rural</i>	<i>Bedouin</i>	<i>Total</i>
Moslems	22,000	94,000	22,000	138,000
Christians	31,000	14,000	—	45,000
Druses	—	20,000	—	20,000
Total	53,000	128,000	22,000	203,000

TABLE N

Distribution of Jewish Population of Israel, by Age Group, Selected Years 1948-1955, in Percentages

<i>Age Group</i>	<i>1948</i>	<i>1951</i>	<i>1955</i>
0-14	28.7	31.0	33.5
15-29	26.4	25.2	22.8
30-44	26.0	22.7	20.7
45-64	15.1	16.9	18.3
over 65	3.8	4.2	4.7

APPENDIX

TABLE O

Distribution of Population, by Type of Settlement, December 31, 1955

URBAN	
Municipalities	1,069,423
Small towns, suburban settlements	198,191
Total urban	1,267,614
RURAL	
Jewish settlements	371,240
Arab villages	125,214
Bedouin tribes	21,292
New immigrants in camps	3,715
Total rural	521,461

TABLE P

Number of Immigrants in Relation to Total Population in Israel, 1948-1956
(thousands)

<i>End of Year</i>	<i>Population</i>	<i>Immigrants</i>
1948	879	102
1949	1,174	240
1950	1,370	171
1951	1,578	175
1952	1,630	25
1953	1,669	12
1954	1,718	18
1955	1,789	38
1956	1,872	56
		837

TABLE Q

Origin of Immigrants by Area of Birth,
May 15, 1948-December 31, 1956

<i>Area</i>	<i>Percent</i>
Asia	31.5
Africa	24.4
Europe	43.3
North and South America	0.8
	100.0

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